

FINANCIAL TIMES

LEBANON
Redefinition of US vital interests
Page 19

Table with exchange rates for various countries including Austria, Bahrain, Belgium, Cyprus, Denmark, Egypt, Finland, France, Germany, Greece, Hong Kong, India, Israel, Italy, Japan, Korea, Kuwait, Luxembourg, Malaysia, Mexico, Netherlands, New Zealand, Norway, Oman, Pakistan, Philippines, Portugal, Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, UAE, and West Germany.

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Tuesday September 12 1989

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World News

Norwegian election heads for stalemate

Norway appeared to be heading towards political stalemate according to early projections on the general election result. These suggested both the country's largest parties - Labour and the Conservatives - have suffered heavy losses with big gains for the right-wing Progress Party and far-left Socialists. Page 20

Kohl re-elected

West German Chancellor Helmut Kohl was re-elected chairman of his Christian Democratic party but with a record number of votes against him. Closing ranks. Page 2

Soviet miners union

Leaders of the July miners' strike in the Soviet Union met in Moscow to form a National Union of Miners. The most serious move yet towards development of an independent union movement. Page 20

Yeltsin in US

Boris Yeltsin, the Soviet politician leading the US, said President Mikhail Gorbachev had six months to a year to show progress in the Soviet Union. Page 6

Danube toll rises

The death toll in the Danube disaster rose to more than 160 following the collision between a Romanian passenger ship and Bulgarian tugboat.

Arafat in Egypt

Yasser Arafat, chairman of the Palestine Liberation Organisation, arrived in Cairo for talks with President Hosni Mubarak on PLO-Israeli differences. Page 4

Tamil killings

Nine members of a former Tamil rebel group, the Selvam People's Liberation Front, were killed in an ambush by a rival rebel group in Sri Lanka.

Namibian charges

A West German and two South Africans appeared in a Namibian court on charges connected with a grenade attack on a UN base in which a security guard was killed. Picture. Page 4

Japanese detention

Japan announced all 110 Chinese boat people classified as economic refugees will be detained, and deportations of Chinese refugees are likely. Page 4

New Guinea killing

The assassination of a politician on Papua New Guinea's Bougainville Island has heightened security problems and undermined hopes for an early reopening of the Bougainville-Copper mine. Page 4

Chancellor dies

Sir Christopher Chancellor, journalist and businessman, died aged 85. He played a key role in the development of Reuters news agency. Page 10

SLD back charter

The proposed European social charter to protect workers' rights received overwhelming backing at the UK Liberal and Social Democrats' conference at Brighton, southern England. Page 9

Vintage Champagne

The vineyards of Champagne have started to harvest what promises to be one of the region's finest crops of grapes. Page 2

Business Summary

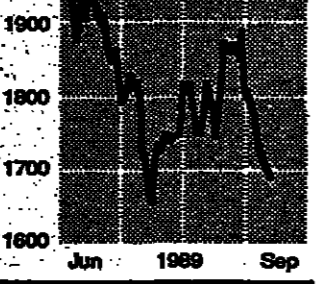
BNL inquiry lists groups involved in Iraqi trade

Investigators in Rome have identified a total of more than 20 separate British, US and Italian companies they believe were involved in trade with Iraq in military useful equipment and technology financed by the issue of more than \$300m of export credits from the Atlanta Georgia branch of Banca Nazionale del Lavoro (BNL). Page 20

ALUMINIUM

International Aluminium Institute figures showed a rise of 107,000 tonnes in unwrought aluminium.

Aluminium



Alum stocks in the non-Communist world to 3,900m tonnes for July - the highest level since May 1987. Page 38

LIN Broadcasting

US cellular telephone and TV company, announced merger agreement with BellSouth, US telephone operator. Page 21

DAIMLER-BENZ

West German motor and aerospace group accepted Government conditions for its takeover of Messerschmitt-Bölkow-Blom, the aerospace company. Page 21

MEGGITT

UK specialist engineering group, made a \$175m bid for United Scientific Holdings, recent loss-maker in the arms manufacturing sector. Page 21

THE CITY

London's financial centre, set up a voluntary clearing system for new issues of shares and other securities. Page 9

DREKEL Burnham Lambert

US investment house, pleaded guilty to six felony counts of fraud. Page 6

TOGHIBA

Japanese electrical group at the centre of a trade row with the US two years ago, is delaying exports of its new personal computer. Page 20

LLOYDS Bank

UK clearer, lost an industrial tribunal case which decided female clerical workers are entitled to equal pay with higher paid male messengers. Page 9

ALACATEL

French telecommunications group, has had contract with Soviet Union delayed by Western restrictions on technology transfer. Page 7

US COMMERCE Secretary

Robert Moshbacher praised South Korea's performance in opening its markets and said the two countries shared similar views. Page 20

WORLD Bank

will make available \$1.3bn in loans to developing countries, specifically to help them combat pollution. Page 6

PETROLEOS Mexicanos

(Pemex), Mexican state oil company, has sold \$237m worth of promissory notes to ease the strain of Government fiscal demands. Page 22

HONG KONG'S Securities and Futures Commission

abolished all but one of a series of controls imposed on capital market funds after the 1987 crash. Page 26

US plans new proposals governing rules of origin to the General Agreement on Tariffs and Trade (GATT) trade liberalisation negotiations in Geneva. Page 7

E Berlin says refugees' release 'grave provocation' • Exodus biggest since Wall built

Germanys at loggerheads

By David Marsh in Bonn and Judy Dempsey in Hegyeshalom, on the Austro-Hungarian border

A BITTER dispute broke out last night between the governments of East and West Germany as more than 5,000 East German refugees streamed into Bavaria in one of the most dramatic days in East-West German relations since the two states were formed in 1949.

The biggest exodus from East Germany since the fall of the Berlin Wall was hailed by a jubilant West German Government as demonstrating the underlying unity of the German nation.

However, East Germany, deeply unsettled by Sunday's decision by Hungary to allow East German emigrants to leave freely for the West, called the action a "grave provocation".

The political uncertainty in the East German capital was yesterday further heightened by reports that Mr Erich Honecker, the 77-year-old East German leader, is still seriously ill after an operation.

East Berlin is refusing to make a statement on its conditions. On the refugees, the official East German news agency last night claimed that the Federal Republic had "bought out" the refugees from Hungary and it criticised Budapest's role in what it called an "unprecedented event in international relations".

However, hopes of economic support from West Germany to back its reform process was clearly a factor in its decision to open the flood-gates for the fugitives from Communism, and thus incur the wrath of East Germany.

Welcoming leaflets from the Bonn Interior Ministry were distributed to the emigrants as they headed for five special relief camps set up in southern Bavarian towns.

Hundreds of Red Cross workers prepared to cope with the influx as speculation mounted that tens of thousands of East Germans holidaying in Hun-



Jubilant East Germans display their new West German passports as they cross the border into West Germany near Passau yesterday

gary would join the flood. If the cross-border trek swells further in coming days, the exodus could match the flood of 47,000 East Germans from East Berlin in August 1961 which sparked off the building of the Wall.

Yesterday, the trek went on unabated along the Austro-Hungarian border. In Hegyeshalom a steady cavalcade of two-stroke engine Trabant rattled across to the West, followed by a procession of buses provided by the Austrian

authorities. Others crossed on foot, some on bicycle. "We are free," many shouted as Hungarian border guards waved them through.

At Nickelsdorf, on the Austrian side, some rushed to buy champagne. The popping of corks summoned an outburst of emotion. East German men and women embraced in celebration of an historic moment.

And these remarkable scenes are likely to continue for the next twenty-four hours when it is estimated that up to 20,000 of

the 60,000 East Germans remaining in Hungary could take advantage of the open border and leave to set up a new life in the West.

Over 6,000 of them had been waiting for more than a three weeks in Hungarian camps provided by the International Red Cross. The Hungarian authorities had refused to return them to East Berlin, waiting for East Berlin and Bonn to reach agreement on an emigration policy.

Mr Gyula Horn, the Hungarian Foreign Minister, yesterday reiterated that his country had been acutely aware of its obligations to a socialist ally: the authorities in Budapest had given East German officials one week to conduct a campaign among East Germans in Hungary to persuade them to return home.

"But instead, more East Germans had continued to arrive," he said. More remarkable is that they have been given safe passage to leave by Hungary, a Warsaw Pact member. Hungary's decision to let the East Germans travel to the west means that the Budapest government has suspended temporarily a twenty-year-old bi-lateral agreement with East Germany, committing both countries to return citizens who try to cross to the West without valid documents.

Young East Germans, some Continued on Page 20

Hungary opens more than its borders; Bonn coalition closes ranks. Page 2

Jaguar to introduce cheaper version of XJ6 in US

By Kevin Done, Motor Industry Correspondent, in Frankfurt

JAGUAR, the British maker of luxury cars, is to introduce a cheaper version of its XJ6 saloon in the US as part of a package to expand its range and cut prices to bolster flagging sales and counter Japanese competition.

The group will tomorrow disclose its first half results, which are expected to show pre-tax profits sharply down to around \$2m-25m (\$9.4m-\$12.5m) from \$22.5m in the first half of 1988 under the impact of the weaker US dollar and lower US sales.

Its latest move in the all-important US market is an attempt to narrow the gap between its prices and those charged for the domestic top-of-range Cadillac (General Motors) and Lincoln (Ford) luxury cars.

The company is also seeking to head off the new Japanese challenge in the world luxury car market, as Toyota and Nissan, the leading Japanese car makers, launch their much-heralded Lexus and Infiniti ranges in the US this autumn.

Jaguar's US marketing initiative coincides with the introduction of a more powerful 4.0 litre version of its XJ6 engine in its XJ6 saloon range to replace the present 3.6 litre engine. The new power unit is to be unveiled tomorrow at the Frankfurt motor show.

In the 1989 model year, which has just ended, Jaguar has offered two versions of its XJ6 saloon in the US priced at \$44,000 and \$48,000.

For the 1990 model year it is launching this month a lower-specification version of the XJ6 at \$39,700. The previous \$44,000 XJ6 is to be trimmed to \$43,000, the \$48,000 version will continue, and a low-volume, special trim version will be launched at \$53,000.

Its most expensive model in the US remains the XJS convertible at \$57,000.

Toyota has priced its top-of-the-range 4.0 litre V8 Lexus LS400 at \$35,000-\$43,300, while Nissan has set the base price for its 4.5 litre V8 Infiniti Q45 at \$38,000.

Jaguar's US sales have been weaker than expected this year in the declining US car market, although it has performed better than several of its European rivals. It had Continued on Page 20

Land Rover's hopes for new Discovery. Page 24

Ferranti shares suspended as group reviews profits

By Terry Dodsworth and Hugo Dixon in London

THE FUTURE of the UK defence electronics industry was plunged into doubt yesterday when Ferranti International, the second largest company in the sector, asked for a suspension in the London stock market quotation of its shares and said it was reviewing its profits.

The Ferranti announcement surprised the stock market, which has already had to absorb a series of unexpected shocks from the company in the last year. It calls into question whether Ferranti, which has been the subject of intense takeover speculation, will be able to maintain its independence and whether the present management can remain in control.

The statement will also have come as an unpleasant surprise to the Ministry of Defence, which had been looking to Ferranti as a strong rival in competition with the large new group formed by the takeover of Plessey by the General Electric Company.

Ferranti's shares were suspended for an indefinite period at 10.45p, against a high this year of 137.5p. The company indicated that it was likely to face a substantial loss on overseas contracts being managed by its ISC Technologies subsidiary.

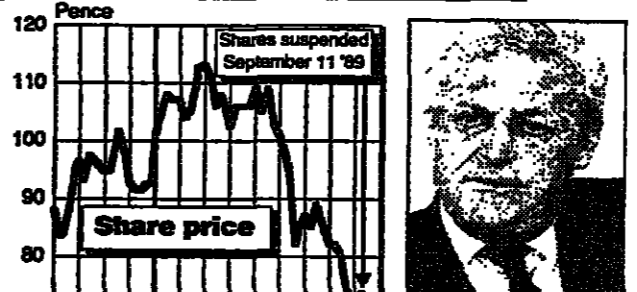
Ferranti refused to give details of the contracts, beyond saying they were of a "material size". In a brief statement it said it was reviewing the "car-

rying value" of these contracts - implying that the company may have not been paid for deliveries on which it has already taken profits.

The company has now launched an intensive investigation of the troubled contracts. The directors plan to ask shareholders at today's annual meeting to adjourn until the extent of the problems are clear.

ISC Technologies is part of International Signal and Control, a secretive US-based defence group taken over by Ferranti almost two years ago. The bulk of ISC's business has traditionally been in supplying Continued on Page 24

Lex, Page 20



Share price



SIR DEREK ALLIN-JONES CHAIRMAN



Turnover



Pre-tax profits

Ciba-Geigy, Rhône-Poulenc in Canadian takeover battle

By Peter Marsh in London and John Wicks in Zurich

CIBA-GEIGY, the Swiss chemicals and drugs company, yesterday moved to take control via a US joint venture of Connaught BioSciences, a leading Canadian vaccines maker, in a move which could lead to a new shake-up in the world pharmaceutical industry.

The Swiss company, the world's biggest medicines group, has offered C\$764m (\$522m) to buy Toronto-based Connaught, which is among the top three North American vaccine producers.

The deal would be effected through JV Vax, a US joint venture between the Swiss company and Chiron, a small Californian biotechnology group with which Ciba-Geigy has a number of collaborative research programmes.

However, Connaught is already the target of a rival proposal from Institut Mérieux, a vaccines maker controlled by Rhône-Poulenc, the French state-owned chemicals and drugs group. Institut Mérieux has proposed merging with

Connaught in a share swap. Connaught shareholders are due to vote on this deal on September 28, and Ciba-Geigy said its offer would be conditional on them rejecting the French bid.

A takeover of Connaught would continue the recent trend in drug industry mergers involving some of the biggest companies in the business.

In the past few months, the UK's Beecham has joined forces with SmithKline Beecham of the US while Squibb and Bristol-Myers, both of the US, have linked. A further merger has been between two other US companies, Merrell Dow and Marion.

The Swiss/American offer values Connaught at C\$30 a share, several dollars higher than the value of the shares in recent weeks on the Toronto stock market. On Friday the shares closed at just over C\$25 but yesterday in early trading quickly moved up to around C\$30.

Under the terms of the pro-

posed deal, Ciba-Geigy would provide most of the cash for the Connaught acquisition, but over several years Chiron would be able to provide share capital in the new venture.

Yesterday Connaught said it could not comment on the Ciba-Geigy proposal as it had not received all the details. Last year the Canadian company had sales of C\$224m, of which just over half was accounted for by vaccines. The company also sells other medical products and services.

Ciba-Geigy said a merger involving its US joint venture and Connaught would create "a beautiful marriage". It said the Canadian company, which specialises in vaccines for influenza, diphtheria and whooping cough, would provide development and marketing skills which would complement the research ideas of Ciba-Geigy and Chiron.

Ciba-Geigy and Chiron are working on a number of new vaccines using new techniques in genetic engineering.

MARKETS table with columns for Spain, US, DOLLAR, INTEREST RATES, STOCK INDICES, and GOLD. Includes data for Madrid SE Index, New York closing, Dow Jones Ind. Av., and various bond yields.

CONTENTS table listing various articles and their page numbers, including 'Algeria's reform-threatened FLN returns to the subversive', 'Hungary: End of an era as the country opens more than just its borders', and 'Management: Professionals should not practise at running a business'.

THE PETERBOROUGH EFFECT advertisement. Text includes 'THE PETERBOROUGH EFFECT IS WORKING FOR YOU' and 'Future Growth is Assured'. Includes a small graphic of a person's head.

EUROPEAN NEWS

Hungary opens more than just its borders

Judy Dempsey examines the foreign policy meaning of clearing the way to the West

HUNGARY'S decision to allow thousands of East Germans to pass to the West through unguarded borders with Austria marks the end of an era with its East bloc neighbours and the beginning of one with the West.

The decision was not taken lightly. As Mr Gyula Horn, the recently-appointed Hungarian Foreign Minister, said on Sunday: "There exists between the two countries (Hungary and East Germany), such a many-faceted, such a many-layered, co-operation, in which a very serious role is played by interests much greater than this affair. And I am certain that it is these interests which will be the determinants in the coming period."

This was interpreted to mean that not only had East-West relations improved markedly over the past two years, but that it was time that relations between the countries of Eastern Europe adapted to these changes.

By allowing at least 6,200 East Germans to leave the country - the figure could reach 80,000 - the Hungarian authorities have taken a huge risk. Many East Germans remaining in East Germany will try to take advantage of the "temporary suspension" of a bilateral agreement signed in 1969 between Budapest and East Berlin. This gave Hun-



A young East German at a Hungarian camp yesterday holds up his passport to the West

gary and East Germany the right to return to their homeland those citizens who tried to use either country as a means to escape to the West.

It is not only East Germans who will try to cross over the next few days. Hungarian officials said they expected Romanians, Soviet citizens, Bulgarians and Czechoslovaks to do the same. Officials in Budapest worry continually that Hungary could become what they termed "a transit country" for East Europeans.

This is something the Hun-

garian authorities were painfully aware of earlier this year when, in a remarkable move, they became the first East European country to sign the United Nations Convention on Refugees. This was partly in response to the thousands of Romanian citizens, many ethnic Hungarians, who were seeking refuge in Hungary.

The effect of the signing of the convention was to tempt East Germans to seek refugee status in another socialist country.

The signing of the conven-

tion and the symbolic dismantling last May of the barbed wire fence with neutral Austria were part of a careful shift in foreign policy begun in the mid-1980s.

This shift manifested itself in a number of ways. Hungary, despite its close links with the Arab countries, began to forge much closer relations with Israel. With the exception of Romania, all the East European countries severed diplomatic relations with Israel after the 1967 Arab-Israeli War.

It was also one of the first to

re-open party-to-party relations with China, broken since the early 1960s. Then earlier this year, Hungary opened up a representative office in South Korea, in spite of loud protestations by North Korea.

The Soviet Union could have reined in Hungary if it had wished to. But with the green light from Moscow - which was anxious to see what kind of response Hungary's endeavours received both from East and West - the authorities in Budapest pressed ahead.

The result is that along with Poland, Hungary is becoming increasingly isolated among its socialist neighbours. It is a position which Hungarian foreign ministry officials do not boast about.

"One day, all of our allies will be changing. The East-West climate demands it. The conventional arms talks in Vienna seem to dictate this change," a senior foreign policy expert said recently in an interview.

The gap between Budapest and the West is narrowing. "And is it not time that the West now responded to what is happening in some countries in Eastern Europe?" Hungarian officials ask, not without a feeling of exasperation that the West had little idea how to respond to the changes taking place across the Danube.

Honecker 'has handed over party leadership'

By Leslie Collitt in East Berlin

THERE were rumours in East Berlin yesterday that Mr Erich Honecker, the 77-year-old East German leader, had decided to hand over the Party leadership to Mr Günter Mittag, the ruling Politburo's economic chief. Mr Mittag, who is 63, is himself in poor health.

Mr Honecker is recuperating after a gall bladder operation last month and daily messages signed by him continue to appear in the Party newspaper Neues Deutschland. Sharp criticism of the Party's orthodox rule was voiced by the leadership of the Federation of Evangelical (Protestant) Churches in East Germany under Bishop Werner Leich.

In a letter to Mr Honecker, the Churchmen said they were "troubled" by the number of East Germans seeking to leave the country. An essential cause was the refusal to allow "long overdue changes" in society. They called for an "open and realistic" discussion about the reasons for discontent in the population.

The mass media should report realistically and not in contradiction to what citizens experienced and saw "day by day." Citizens should be allowed to travel abroad even if they did not have relatives there. Former East Germans

who emigrated were to be allowed to officially return.

The Church also called on citizens not to leave the country. "Each person who goes, leaves behind others more lonely." Previous Church calls for reforms were left unanswered by the leadership which cancelled recent scheduled talks with Church leaders.

But Mr Hermann Axen, a member of the Politburo, said in a speech published in Neues Deutschland yesterday that East Germany more than ever was a "bulwark of socialism and peace in the heart of Europe." Every citizen was needed and had the chance to develop as he wished. "The citizens of the GDR find their national identity in their socialist fatherland, in the socialist nation developing in the GDR," he said. Mr Wolfgang Vogel, the East German lawyer responsible for humanitarian negotiations with the West, was scheduled to go to Prague today for a meeting with nearly 400 East Germans who have been inside the West German Embassy there for weeks. He will seek to convince them to return home in much the same way that he was able to get 117 East Germans to leave the West German diplomatic mission in

East Berlin last Friday.

They were given a pledge of legal assistance for their applications to leave East Germany.

Meanwhile a stream of East Germans went their way into Czechoslovakia by road and rail yesterday, seeking to illegally cross the Czechoslovak frontier into Hungary, which threw open its borders to the West for East German citizens.

East Germans do not need visas for travel to Czechoslovakia, but police exit permits are required for visits to Hungary. The GDR Travel Bureau said trips to Hungary could be booked and aircraft and trains bound for Budapest were filled with East German "holiday-makers." An East German Foreign Ministry official said he could not say whether the government planned curbs on travel to Hungary.

The East German news agency ADP earlier blasted Hungary for "violating international agreements" and allowing East Germans to cross over into Austria "under cover of darkness." An "organised slave trade" was taking place under the guise of humanitarian aid, it was alleged. It was deplorable that Hungarian representatives had been "induced" to support this action.

Bonn coalition closes ranks over refugee issue

By David Marsh in Bremen

RELIEF in West Germany over the release of thousands of East German fugitives has given a psych boost to Helmut Kohl and allowed the ruling centre-right coalition to close ranks in unusual - and probably temporary - harmony.

In an aggressively optimistic speech at the opening of his Christian Democratic Union's annual conference in Bremen yesterday, Mr Kohl gave a full and frank account of the refugees in what he called "the free part of our Fatherland."

Hungary's step on Sunday to allow the departure of the East German emigres, the product of careful negotiation with Bonn over the past few weeks, has eased pressure on Mr Kohl and helped patch up divisions in the party.

Discussions at the three-day conference in Bremen are certain to focus on the row over Mr Kohl's decision last month to sack Mr Heiner Geissler, the CDU's long-serving general secretary. However, Mr Kohl, in a peace gesture yesterday, paid tribute to Mr Geissler's "tireless" work for the party. The Chancellor said he supported Mr Geissler's bid at the conference to win election as one of the CDU's deputy chairmen.

The Chancellor hit out pugnaciously at radical policies on right and left and called for a

return to basic conservative virtues as guiding precepts for the campaign leading up to the general election in December 1990. He also urged special attention for policies to protect the environment.

Mr Kohl used his speech to attack the opposition Social Democratic Party's policies towards East Germany, in particular the support by some SPD leaders for recognising separate East German citizenship. "Freedom and unity for all Germans" had now come nearer as a result of the commitment of Soviet leader Mr Mikhail Gorbachev to self-determination in eastern Europe, Mr Kohl claimed.

Mr Kohl told the party congress that it faced a tough battle to remain in power in elections next year. "It will require hard work if the voters are to renew their confidence in us in 1990," he said. "But I am sure we can do it if we recall our own strength and courage and fall back on the proven values of our party."

The Chancellor was due to face a key test last night, when delegates were to elect the party executive. Party sources said there was no doubt that Mr Kohl would be confirmed as leader, but the number of votes against him would be a barometer of his popularity after Mr Geissler's dismissal.

Vintage Champagne year in prospect

By George Graham in Epemay

THE vineyards of Champagne have started to harvest what promises to be one of the finest crops of grapes the region has seen in many years.

Growers say that the vineyards are in perfect health after this summer's unusually good weather, and 1989 is almost certain to be declared a vintage year for champagne.

"I think we can certainly affirm that it will be a vintage year. 1976 was much drier, it could be closer to 1945 or 1961," said Mr Yves Benard, chairman of Moët et Chandon, the largest champagne group, with the Moët, Mercier and Dom Ruinart brands.

"It will be a fine crop, above average in quantity but exceptional in quality." But European countries, with the UK in the lead, are drinking more and more champagne, and this year's crop, which is thought likely to produce around 240m bottles, will barely replenish the stocks of the champagne producers.

Champagne houses already raised their prices in July, but the grape prices for the 1989 crop are climbing even more steeply.

Growers and champagne producers agreed on Friday on a new price of FF26.78 (£2.50) per kilogram of grapes, up 13 per cent from last year's.

"Do not ask me if I am happy. A buyer does not jump for joy if the price of his main raw material rises by 13 per cent," commented one producer.

Negotiations on a new six-year contract between growers and producers are due to open as soon as the harvest is over, and some observers in Champagne fear that it will prove impossible to reach agreement.

The contract obliges growers to supply a certain quantity of grapes to the champagne houses, though allowing them to keep a proportion to make into champagne themselves. It also governs grape prices,

indexing them partly on the average sale price of champagne in the previous year.

"To maintain the prosperity of all, both sides must make an effort. The growers must accept an obligation to sell grapes to the producers but the producers must also accept that the growth of champagne sales must slow down," Mr Benard said yesterday.

One possibility for expanding champagne production would be an extension of the area authorised for vineyards under a 1927 law, which is now almost completely planted with vines. Some zones could easily be added to the existing area without lowering the quality of the grapes produced, but there is concern about too large an extension and about property speculation.

Mr Benard sought to allay the fears of "champagne rationing" which have swept some European countries.

"There is currently an imbalance between our sales in France and our exports, and we should keep steady or reduce our sales in France in order to meet export demand. That means that in the medium term champagne will have to become more expensive in France."

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BNL works round clock to contain crisis

Alan Friedman reports on a team picking up the pieces after an Italian scandal

IT WAS around midnight on the evening of Friday, August 4, when Mr Nerio Nesi, then chairman of Banca Nazionale del Lavoro (BNL) received a telephone call from Mr Carlo Azeglio Ciampi, Governor of the Bank of Italy. Mr Nesi and Mr Giacomo Fedde, then BNL's director-general, were informed that something was seriously wrong at the bank's Atlanta, Georgia, branch.

According to a confidential reconstruction of the evolution of BNL's scandal concerning more than \$1.7bn of unauthorised Iraqi export loans, which was presented last week to the 23 members of BNL's board of directors, Mr Nesi now the less set of next day for his annual visit to BNL branches in southern Italy, only to be recalled to Rome a couple of days later by Mr Ciampi.

Mr Fedde, who resigned last Thursday along with Mr Nesi, did not spend any time in Rome at all - complaining to friends that he was tired and feeling unwell, he left promptly for a month's holiday in his native Sardinia.

On the afternoon of Saturday, August 5, the senior deputy general manager of BNL, was on holiday on the Costa Brava with friends. Then the telephone rang. Mr Pier Domenico Gallo was told by BNL's Rome headquarters to

catch the next aircraft back to Italy. Like Mr Nesi and Mr Fedde he too, was told that something was seriously wrong.

The 50-year-old Mr Gallo walked into the bank's Via Veneto offices on the Sunday morning and has hardly been out since, save for a few hours.

Among investigators' discoveries has been that the Atlanta branch signed literally dozens of fresh letters of credit every day

of sleep each night and a two-day mission to Baghdad. Mr Gallo, since the start of the scandal, has been the bank's top crisis manager, co-ordinating the work of both top executives and a 12-man round-the-clock task force that operates in three daily shifts.

Mr Gallo was yesterday unavailable for comment, but colleagues say that from early August the extrovert banker moved quickly to contain the crisis in financial terms, only to discover weeks later that

British, American and Italian companies were involved in trade with Iraq in militarily useful equipment and technology.

Mr Gallo is a man who has had more than a normal dose of crisis management in his career: between 1982 and 1987 he was successful, as chief executive of Nuovo Banco Ambrosiano in Milan, in turning round the troubled bank following its collapse in August 1982.

Meanwhile, in Rome, Mr Gallo assembled a dozen hand-picked BNL executives and created a 24-hour task-force that has been working to trace the 2,500 separate letters of credit issued by Atlanta in favour of Baghdad for US and European companies exporting to Baghdad. BNL also acted immediately to block any further payments from the US to Baghdad.

Mr Davide Croci, a former Fiat executive who serves as BNL's finance director, was sent to New York in order to reassure correspondent banks that BNL's interbank lines were secure. Some small US banks have been calling back interbank deposits, but it is believed that for the most part BNL is not facing any serious problems in US money markets.

Mr Umberto D'Addosio, another BNL deputy general manager in charge of administration, was sent in August to Atlanta along with a support staff of 25 aides. From Georgia he spent August passing on FBI leads to Rome. He and Mr

honour debt servicing on the \$1.02bn of direct loans from Atlanta to Baghdad, but that Iraq expects BNL to make good on a further \$220m of credit lines that were promised and not yet disbursed. Mr Gallo made a 48-hour visit to Baghdad at the end of August, to hold a similar conversation.

Mr Gallo also ordered the sacking of Mr Chris Drogoul, the Atlanta branch manager who arranged the Iraqi credits and who is under investigation by US and Italian judicial authorities.

TECHNOLOGY and Development Group, the London trading company at the centre of an Iraqi-owned company in the UK, said yesterday it was a private company which has no connections with the Iraqi Government.

Mr Jon Hana, a director of TDG, confirmed from the company's London office today that it was a subsidiary of the Al-Arabi Trading Company of Baghdad. He refused to say who Al-Arabi's shareholders were.

Scandal deepens Iraqi-Italian arms cash row

The secret financing scandal swirling around Banca Nazionale del Lavoro looks certain to hold up the settlement of a three-year dispute between Italy and Iraq which has blocked payments due to Italian companies estimated at \$3m-4m, John Wyles reports from Rome.

Italy's failure to honour a 1980 contract to supply 11 naval ships lies at the heart of the dispute, so the Italian government is anxious to avoid adding to the avalanche of embarrassing headlines about arms dealing which have been set off by the BNL Atlanta affair.

In addition, both Ministers and senior executives of companies which have traded with Iran fear that Baghdad may make its agreement on a settlement of the ships dispute conditional on BNL honouring the \$920m of unused credits which have been booked in its favour in Atlanta.

Further delay is a serious blow to the many Italian companies which cannot bid for a slice of Iraq's post-war reconstruction work until normal commercial relations are restored.

Baghdad has halted virtually all payments - possibly totalling up to \$4m - due on contracts signed with Italian companies since Rome tightened up its arms embargo to both sides of the Iran and Iraq war at the end of 1985.

While magistrates are investigating several cases of suspected subsequent abuse of the embargo, its most celebrated victims were the four frigates, six corvettes, a naval support vessel and a floating dock which Iraq ordered from Fincantieri, the state-owned ship-builder, at the end of 1980 in a total contract worth \$2.7bn. The naval support vessel was delivered in 1984 and the dry dock in 1985.

Both are still moored at Alexandria in Egypt because it was impossible for Iraq to bring them into the Gulf war zone.

Two helicopter-carrying corvettes were taken in delivery by Iraq, but without their armaments, and they are still languishing at the Italian naval base at La Spezia. Since then, another five vessels have been completed, but held in Italy, and the final three are due to be fitted out by the end of the year.

In January, the two governments agreed in principle that the vessels would all be delivered by Italy and all outstanding debts paid by Iraq. But the actual financial details were then left to be negotiated between Fincantieri and the Iraqi government.

No strangers to bare-knuckled negotiations, the Italians were surprised and more than a little outraged by the subsequent Iraqi tactics, above all because of the extra demands Baghdad pumped into the negotiations. Hence the fear that the Atlanta credits may become another condition for

TDG denies connection with Iraqi government

By Richard Donkin

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He also refused to talk about the purchase of a former Lear Fan aircraft factory in Northern Ireland. The company has a half share with the Space Research Corporation of Canada in a company called Canira which had an application for grant aid turned down by the Northern Ireland Development Board.

MPs accuse Papandreu over telephone tapping

By Kerin Hope in Athens

A SPECIAL parliamentary committee yesterday called for the prosecution of Mr Andreas Papandreu, the former socialist prime minister, on charges that he ordered systematic telephone-taps of both political rivals and close associates during his eight years in office.

The recommendations were made by a 12-member commission of inquiry set up by the ruling Conservative-Communist coalition. The five Socialist members of the commission dissociated themselves from the report, which alleged that the former premier instigated telephone-tapping that violated constitutional safeguards.

Parliament is to vote later this month on whether to refer Mr Papandreu for trial by a special court. There can be no hearing until the commission's findings are confirmed by a separate judicial investigation.

The accusations were the first to be directed formally against the former premier in the coalition government's current drive against corruption in Greek public life. The inquiry was told that Greece's former intelligence chief, Mr Costas Tsimas, supplied tapes of conversations involving leading politicians from all parties, as well as Ms Dimitra Liani, the airline stewardess whom Mr Papandreu married shortly after he lost power in the June election.

Mr Papandreu, who denied any wrongdoing, refused to appear before the commission.

Leader of party in Solidarity coalition resigns

By Christopher Robinski in Warsaw

MR Roman Malinowski, the head of Poland's Peasant Party (ZSL) who last month opened the way to the formation of Eastern Europe's first non-communist-led government when he abandoned the Communist Party and made common cause with Solidarity, resigned yesterday on the eve of a vote on the new cabinet.

His resignation is not expected to affect the composition of the Solidarity-led government, though it does reflect a struggle between the Peasants Party and Solidarity over the sharing out of cabinet posts. Mr Malinowski had been due to retire soon at the end of a second term in office.

The government which has been put together over the past two weeks by Mr Tadeusz Mazowiecki, a Solidarity leader is to contain ten Solidarity members, four Peasant Party ministers, four communists and three members of the small Democratic Party (SD).

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ierz Olesiak, the Agriculture Minister and a ZSL member to stay at his post.

Instead Mr Mazowiecki has handed the farming ministry over to Professor Czeslaw Janicki, a ZSL deputy from Poznan who was supported by Solidarity in last June's elections in the hope that the appointment would mollify Solidarity's farming wing Rural Solidarity.

Rural Solidarity has been demanding that the post go to one of its members and has protested directly against the appointment of Mr Olesiak. Mr Malinowski resigned yesterday as a direct result of his failure to secure the job for Mr Olesiak.

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OVERSEAS NEWS

Roh unveils plan for Korean reunification

By Maggie Ford in Seoul

PRESIDENT Roh Tae Woo of South Korea yesterday unveiled a detailed new formula for a transitional period leading to reunification with communist North Korea.



Roh: time is right

Addressing the opening of the autumn session of the South's National Assembly, he said that changes in the international situation had encouraged him to believe that the time was right for the South to be more forthcoming in its reunification policy.

President Roh said that the time was right for the two sides to achieve by August 15 next year the 40th anniversary of the division of the peninsula.

Until the end of the Second World War, Korea was a colony ruled by Japan. The Japanese surrender was taken jointly by the US and the Soviet Union...

He has placed political and military talks on the agenda for the first time, and has agreed to equal representation from both sides. His description of the two sides in the transition as one nation, two entities, is closer to North Korea's proposal of one nation, two systems than previous Southern formulae.

Rush is on for invitations to Nigeria's political 'party' The field narrows - in numbers and diversity - as deadline for new system nears, writes Julian Ozanne

FROM his luxurious mansion in the wealthy Lagos suburb of Ikoyi, Chief Emmanuel Iwuananyu oversees the running of his multi-million-naira business empire: a merchant bank, some insurance companies, several factories, a daily newspaper and Nigeria's leading football club.

The robust and portly chief, dubbed by some as Robert Maxwell of Nigeria, has emerged as the leader of one of the country's new political parties - the Nigerian National Congress.

Enveloped in a huge armchair and surrounded by four-foot-high colour photographs of himself, Chief Iwuananyu explained the philosophy of the NNC.

"We are a party based on free enterprise... with millions of members in each of the 21 states, and we have brought together Christians and Moslems to work for the national unity, peace and economic progress of Nigeria and not for our own personal gain," he said.

These laudable aims are designed to appeal to the National Electoral Commission (NEC) and the military government of President Ibrahim Babangida, who came to office in 1985 in the country's seventh military coup in 29 years of independence.

Between a predominantly Moslem north and a largely Christian south. In the run-up to the deadline for applications for registration last July, nearly 50 political associations were launched.

But after a chaotic period of mergers and combinations only 18 eventually applied. The Government will make the final decision on the basis of an NEC shortlist. Two-party local government elections follow in December and state and gubernatorial elections in the first half of next year.

Of the 13 political associations only five look like serious contenders - the NNC, the People's Solidarity Party, the Liberal Convention, the People's Front of Nigeria and the Nigerian Labour Party.

Few observers expect the NNC, with its radical opposition to the economic reform programme under way since 1986, to be registered. There is little ideological difference between the remaining four heavyweights. Manifestoes have been kept remarkably vague, the only noticeable difference is a slightly left-of-centre welfare policy bias of the PSP and PFN.

ground, he is a wheeler-dealer and he is a politician. Ever since independence he has been going for election and losing. His people never wanted him in office and he has never served. Today he is a new breed."

Many Nigerians are disturbed by the high cost of politics, which tends to leave the field open only to business tycoons. The local Newswatch magazine has estimated that the registration process alone will cost N250m (£22m).

Critics accuse the military of stifling the emergence of the democratic process by suppressing political debate on key issues such as the economy, and by guiding the process in such a way as to minimise the development of alternatives.



Babangida: lifted six-year ban

Many Nigerians are sceptical that the parties and their leaders represent the "new breed" of politicians. President Babangida says the country needs, and suspect that the new parties are merely the old parties dressed up in new clothes.

Soviet threat stressed by Japanese

THE SOVIET Union poses a serious military threat in the Far East despite the recent relaxation in East-West tensions, according to a report issued today by Japan's Defence Agency. Reuter reports from Tokyo.



Mr Andimba Toivo ya Toivo, secretary-General of the South West People's Organisation (right), is greeted by well-wishers yesterday on his arrival in Namibia after 30 years' exile. AP writes: Mr Toivo and Mr David Marano, Swapo national chairman, accompanied by dozens of other party officials, arrived at the Windhoek airport on an Anglian Airlines flight from Luanda.

"Home, sweet home." Mr ya Toivo said after kissing the tarmac. "It is very sweet to be back. He is due to be joined on Thursday by Mr Sam Nujoma, the Swapo president, for the final weeks of campaigning for November's pre-independence elections."

Mr ya Toivo, considered Swapo's second-ranking official, was one of the organisation's founding fathers in the late 1950s and early 1960s. He was convicted of treason and sentenced to 17 years in South African prisons.

Peking tributes increase speculation about Deng

By Robin Pauley, Asia Editor

SPECULATION about the state of Deng Xiaoping's political and physical health continued to mount yesterday when the official Chinese press published lengthy tributes to his life and work.

during the last year and apart from increasing deafness he is known to have serious prostate trouble which some reports say is malignant.

Had Deng died the authorities may well want to conceal the fact until after National Day on October 1, the 40th anniversary of the Communist Revolution. Plans are advanced for huge celebrations which the authorities hope will convince the Chinese people and the world that the country is back to normal after the massacre of demonstrating students in June. The death of Deng would kill the celebrations and might provoke further turmoil.

Deng, who has avoided personal tributes during most of his decade or so in power, has become the centre of a limited personality cult since the June crackdown.

China's risk rating worsens

CHINA'S country risk assessment has been downgraded sharply from 76 on a 10-point scale to 5 by the Japan Bond Research Institute, one of the country's most influential ratings agencies.

June with the crushing of the pro-democracy movement. Debt servicing capacity was downgraded by 5, a fall of 1.5 points, in "expectation that the country's foreign currency earnings will decrease". Japanese banks are soon to begin seasonal re-assessments of country risk, and most say China will get special attention. One banker said China should have no trouble getting new commercial loans, but will have to pay more for them, perhaps an extra 0.5 per cent.

Japan to deport Chinese refugees

Japan said yesterday that Indochinese boat-people classified as economic refugees would be detained, and deportations of Chinese refugees may begin in the near future, despite Peking's warnings that they would be prosecuted.

Arafat in Cairo for election talks

By Hugh Carnegie in Jerusalem

MR YASSIR ARAFAT, chairman of the Palestine Liberation Organisation, arrived in Cairo for talks with President Hosni Mubarak yesterday, the latest development in efforts to bridge the gap between Israel and the PLO on Israel's proposal for elections in the West Bank and Gaza.

focus of diplomatic attention. Visitors there include Palestinian leaders from the occupied territories anxious for political progress. Cairo has responded to Israel's suggestion of elections leading to Palestinian autonomy in the occupied territories with 10 conditions. These include Israel's acceptance that an interim autonomy period be followed after a fixed time by a negotiated final settlement based on the principle of exchanging land for peace embodied in UN resolutions.

Australian air row stalemate

By Chris Sherwell

WORDS rather than aircraft flew yesterday as the Australian pilots' dispute, exacting an ever higher cost, moved into its fourth week with no sign of solution.

Jordan secures bank debt accord

JORDAN'S Finance Ministry said yesterday that the country's commercial lenders had agreed in principle to reschedule 875m in debts due over a 30-month period.

of payments crisis largely triggered by mounting obligations on Jordan's \$8.3bn debt. The agreement followed two days of talks between six banks representing the London club of commercial lenders and Jordanian officials led by Mr Bassel Jaradneh, the Finance Minister, and Mr Mohammad Said Nabulsi, the Central Bank Governor. The commercial banks grouped under the club hold about \$1.1bn of debt.

Sir Peter Abeles, head of Airbus, threatened to close his airline rather than give in to the pilots. Both airlines still diverge to say how many pilots were persuaded to return, or the terms on which they were being re-hired.

Algeria's reform-threatened FLN returns to the subversive

The Party is trying to sabotage changes favoured by the President and endorsed by referendum, writes Francis Ghiles

ALGERIAN President Chadli Bendjedid's abrupt dismissal of Prime Minister Mr Kasdi Merbah at the weekend comes at the end of a summer marked by fast-rising prices and severe shortages of staple foodstuffs and consumer goods.



Hamrouche: man of few words

Semolina, the base of the national dish "couscous", is unobtainable in many Algerian towns, and cooking oil, vegetables and, more recently, cigarettes have disappeared from shops only to be found at up to four times their official price on the black market.

These shortages are not, in most instances, the consequence of any lack of local production (cigarettes and vegetables) or imports (semolina). Most observers agree they are being deliberately engineered by people in the middle and higher ranks of the Front de Liberation National party (FLN) which has held a monopoly of power since 1962.

calling for a multi-party system and the end of the country's commitment to socialism has made the FLN and its deputies, who still hold all the seats in the Assemblée Populaire Nationale, feel threatened.

New political parties, a score of associations, radio and newspapers, most notably that flagship of Algerian glasnost Algerie Actualite, have become much more forward in their description of the country's ills.

Those few among the FLN hierarchy attempting to question the old ways are being silenced or, as in the recent instance of the editor of the party's weekly Revolution Africaine, summarily dismissed.

to present invoices showing where they had purchased the goods they were selling. They protested that no shopkeeper who wished to stay in business could do so if he chose to rely on the state distribution monopolies which alone issue invoices but increasingly have no goods to distribute.

The agreement, announced by Jordan Radio, is part of a series of steps taken by the Government to overcome a balance of payments crisis largely triggered by mounting obligations on Jordan's \$8.3bn debt. The agreement followed two days of talks between six banks representing the London club of commercial lenders and Jordanian officials led by Mr Bassel Jaradneh, the Finance Minister, and Mr Mohammad Said Nabulsi, the Central Bank Governor.

Mr Merbah's questioning of the President's right to dismiss him drew a sharp comment from the official AFP news agency the next morning. Did Mr Merbah suggest he was offering himself as a constitutional alternative to the head of state? AFP reminded its subscribers

that the new constitution granted the head of state the absolute right to appoint and dismiss the Prime Minister. The Prime Minister attempted, in the presence of Algerian and foreign journalists on Saturday night, to protest his innocence and project the blame for the unpopularity of his cabinet and the disorder of recent months on the "spoiling tactics" of the trade unions and the media.

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The most encouraging aspect of the past two days, however, may be that, for the first time, a serious disagreement among Algerian leaders has been conducted by means of a constitutional argument, and in public, rather than behind closed doors.

Bougainville Island politician assassinated

By Chris Sherwell in Sydney

A POLITICIAN on Papua New Guinea's Bougainville Island was assassinated yesterday, highlighting the government's problems in restoring security on the island and underlining hopes for an early re-opening of the vital Bougainville Copper mine.

The victim, Mr John Bika, was an important member of the local North Solomons provincial government, and his murder confirmed that the 10-month sabotage campaign which has shut the mine since May is aimed at its long-term closure and the province's secession from Papua New Guinea.

The government of Prime Minister Rabbie Namaliu had hoped increased benefits for local landowners and the island as a whole would overcome renewed secessionist pressures in an area which, in 1975, was the site of a rule ended in Papua New Guinea, fought for its own independence.

But the death of Mr Bika, who stood against secession as a solution to the island's problems and whose constituency included the mine, came one day before Mr Namaliu was expected to sign a package of welfare, royalty and other financial payments for the island.

The result has been relocation of long the inhabitants, reports of villages being razed, a mounting death toll and a failure to capture Mr Ona. A week ago, assurances that security had been restored prompted CRA, the Australian resources group which owns 53 per cent of Bougainville Copper, to resume operations. But gunshots fired at a bus carrying mine employees prompted an embarrassing shutdown nine hours later, followed by the bombing of two pylons carrying power to the mine.

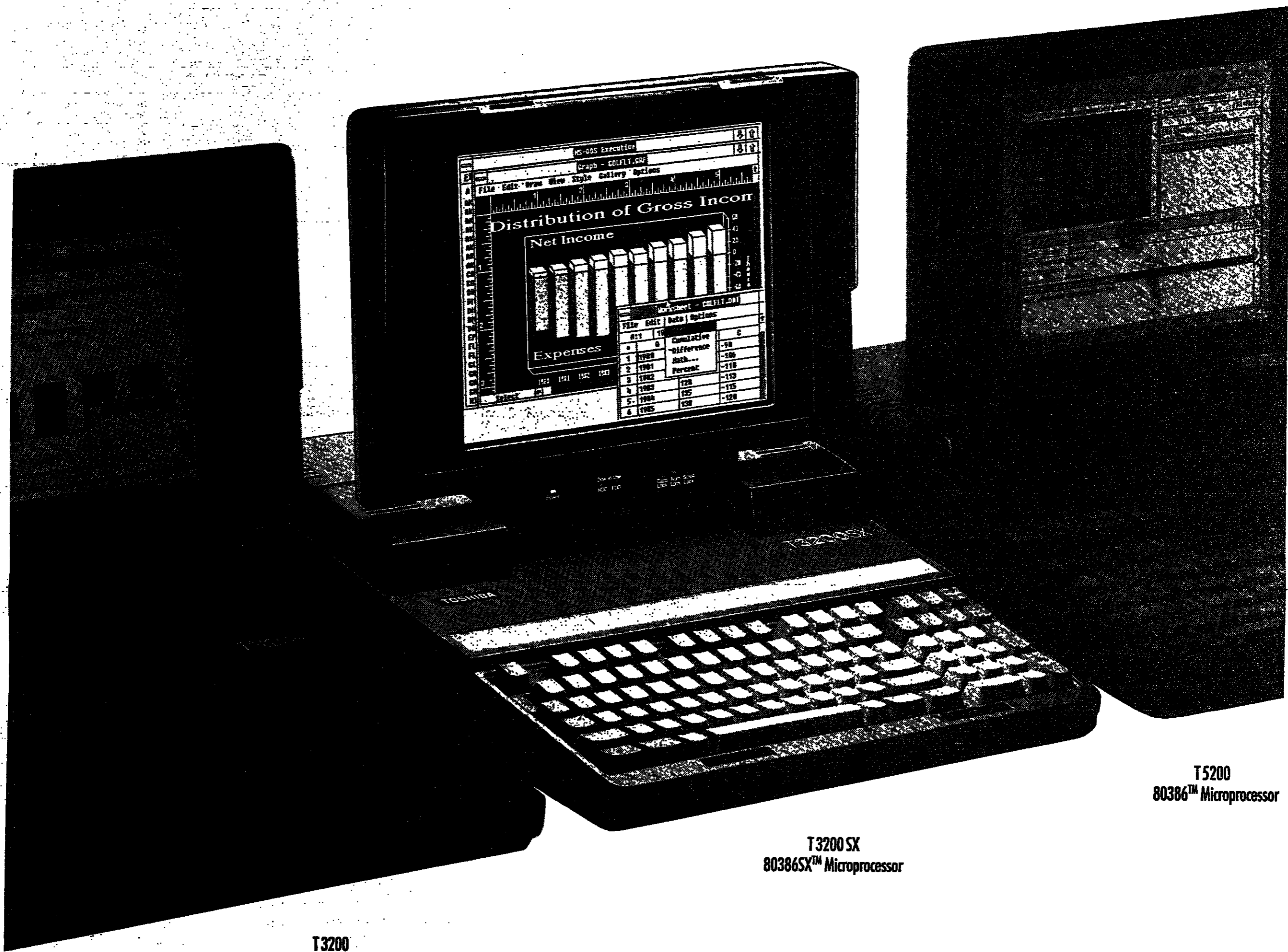
Mr Bika was reported to have been shot in the stomach and head by a group of men who attacked him at his home after midnight. A re-opening of the vast open-cut mine, the country's largest, remains a priority. Exports of its copper and gold concentrate bring in 44 per cent of Papua New Guinea's foreign exchange earnings. Through taxes, royalties and dividends - the government has a 20 per cent shareholding - it produces around 17 per cent of the state's internally generated revenues.

Singapore plea

Mr Allan Ng, a Singapore banker, yesterday pleaded guilty to insider trading, reversing an earlier plea, Reuter reports from Singapore. Mr Ng, a former deputy chairman of United Overseas Bank, admitted he bought 1m shares of Singapore's Sealion Hotels in October 1986 shortly after he found out the company had asked the local stock exchange to lift suspension on trading its shares.

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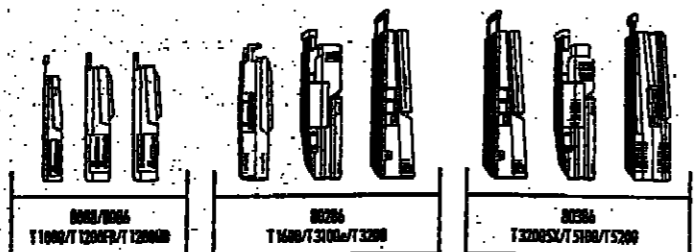
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AMERICAN NEWS

UK pledges aid for Colombia in drugs battle

By Lionel Barber in Washington

BRITAIN will join the US in providing training and technical assistance to the Colombian Government in its fight against drug traffickers, Mr John Major, UK Foreign Secretary, told President George Bush in Washington yesterday.

Mr Major said the aid would be the first tranche of what he expected would be "substantial" British aid to Bogota.

During his visit to Washington - largely a largely acquainted trip since his appointment in a Cabinet reshuffle last July - Mr Major is due to meet Mr James Baker, US Secretary of State, Mr Richard Cheney, Defence Secretary, and other senior administration figures.

After a 90-minute lunch with Mr Baker at the State Department, the Foreign Secretary said the recent elections in South Africa provided President F.W. de Klerk with a strong mandate for change. "There would be 'no excuse' if he failed to move towards political reform."

Yesterday, Mr Major repeated his opposition to new economic sanctions against the Pretoria Government, but added: "There is total unanimity within the British Government, and between the British Government and the American Government, that apartheid needs to be dismantled comprehensively."

Other topics for discussion included East-West relations, Cambodia, China, Afghanistan, and Hong Kong, on which Mr Major appealed for support and understanding for the "very acute and very difficult" Vietnamese refugee problem. British officials said there was "no prospect" of resettling the 50,000 Vietnamese in Britain.

Gorbachev has year to succeed, US told

By Lionel Barber

THE MAVERICK Soviet politician Mr Boris Yeltsin, making his first visit to the US, yesterday predicted that President Mikhail Gorbachev has six months to a year to show progress in the Soviet Union, or face "a revolution from below."

Mr Yeltsin said the first warnings of such a revolution had already occurred, with strikes and demonstrations from the Baltic to the Caucasus. "You have a crisis in the economic system, in the financial system, a national crisis, a nationalities crisis, a social crisis, and a crisis in the party," said Mr Yeltsin on TV.

He was sacked from the Politburo two years ago when he criticised Mr Gorbachev for not proceeding rapidly enough with reforms. Mr Yeltsin is on a two-week tour of the US, meeting politicians, business people and academics.

He arrives as the Bush Administration is turning its mind increasingly to East-West issues, particularly via the meeting later this month in Wyoming of Mr James Baker, US Secretary of State, and his Soviet counterpart, Mr Eduard Shevardnadze.

Four into one may go in the Windwards

Economic concerns hasten unity moves in eastern Caribbean, writes Canute James

AS FAR as Mr James Mitchell, the Prime Minister of St Vincent, is concerned, there are only two conditions which must be met if a proposed political union of his country and three neighbouring islands is to be successful.

"We must have one flag at the United Nations, and we must talk with one voice, or no one will listen to us," the Prime Minister said. "Second, we must have one ministry of finance. If we do not have one voice and one treasury, we will not get any money. We can come up with any constitutional formula, but these are the two things I will insist on."

He was talking about a proposal for the creation of a single state made up of four islands of the Windward group in the eastern Caribbean - St Vincent, St Lucia, Dominica and Grenada.

Common concerns over the fragility of their small economies are driving the governments of the four to seek public endorsement for their proposals.

"It has been agreed that the four Windward Islands will go ahead with political union," said Mr Vaughan Lewis, director general of the Organisation of Eastern Caribbean States. "They are aiming for referendums in early 1990."

The four islands, with three from the Leeward group, make up the OECS, a sub-group of the Caribbean Economic Community.

"The referendum is the first step as there are repeated arguments that in previous efforts at political union the people were not asked," Mr Lewis said.

The people of the four islands to be told clearly that a decision on political union has nothing to do with which government is elected. They must understand that they are being asked whether they want some form of political union.

The islands have a history of co-operation on which they could build viable political

ties in the four islands are suspicious over the manner in which the idea of a political union is being pursued. The parties, which say they are not opposed to political union, are seeking guarantees that will commit the new union to ideological pluralism. Some are worried that the union could be used by incumbent parties to consolidate their control of office.

The leaders of the four islands have argued that in addition to expanding the economic base, political union will also produce savings for national economies through joint efforts ranging from regional transportation to foreign diplomatic representation.

"There is now agreement on ways to ease travel between the islands," reported Mr Lewis, "and work is being done on the unification of the police and the judiciary."

It is the likely economic benefit from the new state, with a potential population of about 450,000, which is fueling the effort. "The governments supporting the idea say it is viable and necessary for the islands' development," said Mr Lewis.

"They say it will increase economies of scale and increase the chances of economic growth. We cannot organise for the scale of economic production which is

needed as the islands are too small. For example, if we are producing cut flowers for the EC and US markets, one island would soon exhaust its productive capacity."

The intention is to build on what are comparatively healthy economies of the islands - not only in the four in the Windwards, but in the three Leewards as well. The Eastern Caribbean Central Bank, the monetary authority for the seven islands, reports that the group's economy grew last year by 5.5 per cent - about the same rate as in 1987 - mainly through expansion in agriculture, tourism, manufacturing and construction.

The islands' banana industry, the source of about two-thirds of British consumption, increased shipments last year by 42 per cent. Tourism grew by 6 per cent, bringing in gross earnings of \$365m, helping to offset a \$524m merchandise deficit.

But the first big test of the economic strength of the proposed union is not far off. When Europe unites after 1992, the Windwards and other Caribbean producers, such as Jamaica and Belize, will lose their protected banana market in Britain. The islands will then have to compete with fruit from other parts of the world.



The leaders of the four from the Windward group decided to move ahead, leaving the door open for the others to join later. But the plans for the referendum next year may have to be delayed in some islands, such as Grenada, where an election is due between December and March.

"What would be ideal," said one St Lucian official, "is for

the Leewards, the same high court and a common currency. Its financial affairs are administered by a common central bank and its economy is based on tourism, bananas and spices. The islands are governed by parties and leaders whose politics tend towards the conservative.

However, the opposition par-

World Bank offers loans for combating pollution

By Peter Montagnon, World Trade Editor

THE WORLD Bank will make available \$1.3bn in loans to developing countries over the next three years, specifically to help them combat pollution and protect the environment, Mr Barber Conable, its president, said in Tokyo yesterday.

Unveiling to a conference on global environment a series of measures planned by the bank, he rebutted criticisms that it was not doing enough regarding the environment, but protection of the environment while ensuring continuing development would involve

additional costs.

"This is not a matter of funds being redirected from one set of environment objectives to another, but of genuine additionality," he said.

The bank believed there was a close link between poverty, the environment and development, he said. Developing countries had to be offered choices that would allow them to grow. Rich countries should not force them to stagnate in the interests of environmental protection.

Black leads NY party contest

By James Buchan in New York

AS THE VOTING booths opened this morning in New York city for the primary contests to choose candidates for the mayoral election, Mr David Dinkins was ahead in the opinion polls and so in line to be the first black person nominated for the job by the dominant Democratic Party.

As Mr Dinkins and his main rival, the incumbent mayor Mr Edward Koch, ended weeks of hectic campaigning, a poll by the New York Daily News and Channel 7 put Mr Dinkins seven points ahead. In the Republican Party primary, Mr Rudolph Giuliani is expected to beat Mr Ronald Lauder.

Mr Dinkins will need to secure black support at almost the high level in the city that backed Rev Jesse Jackson in the Democratic presidential primary last year.

Drexel pleads guilty to fraud

By Karen Zagor in New York

DREXEL Burnham Lambert, the big US investment house, yesterday pleaded guilty to six felony counts of mail and securities fraud, ending eight months of negotiation and appeals.

Last December, Drexel had agreed in principle to plead guilty to the six charges and to pay \$650m in fines and restitution, so as to avoid more damaging charges, which might have included racketeering.

However, the guilty plea was hamstrung by repeated challenges by Mr Michael Milken, former head of Drexel's junk bond trading, and his brother, Mr Lowell Milken.

The charges of fraud and other illegal acts between 1984 and 1988 arose from a two-year investigation of the affairs of Mr Ivan Boesky, who was convicted of insider trading.

Safety changes proposed for McDonnell Douglas

By Roderick Oram in New York

A TASK force of US government and aviation industry experts yesterday proposed modifications to improve the safety and extend the lives of 1,900 ageing McDonnell Douglas jet airliners.

The changes will cost about \$290,000 per aircraft or about \$563m in all, the task force said. The Federal Aviation Administration will make the changes mandatory soon for US-registered aircraft. Its counterparts abroad will probably adopt the rules for McDonnell Douglas aircraft registered in their countries.

The task force is the second organised by the Air Transport Association, which represents US airlines. The first produced a study on elderly Boeing airliners in March. The third and last task force will report this year on changes to Lockheed, Airbus Industrie, British Aerospace and Fokker aircraft.

The studies were initiated after a spate of mishaps to older airliners, the most notable having been the peeling-away of a top section of fuse-

lage on an Aloha Airlines Boeing 727 over Hawaii last year.

The decision to modify old aircraft marks a sharp change in tack for US regulators. Till the adoption of the Boeing modifications this year, authorities had stressed regular inspection of aircraft to detect metal fatigue and corrosion.

The Boeing changes entail an average of about \$600,000 per aircraft, roughly double the McDonnell Douglas figure. Avmark, a Washington aviation consultancy, said the bill was smaller for McDonnell Douglas craft because they were suffering fewer corrosion problems than Boeings.

The McDonnell Douglas changes range from \$90,000 for early versions of the MD-80 to \$490,000 for early DC-9 airliners which came into service 25 years ago.

The changes are based on recommendations by the company. The Air Transport Association said some airlines have already modified or changed many of the parts identified in its study.

OUR LATEST 600 MILLION WATT POWER PROJECT

It is the single largest cogeneration power project financing in history.

Two 300-megawatt Westinghouse power plants using natural gas-fired combustion and steam turbines in combined cycle will serve the regions surrounding Bellingham, Massachusetts, and Sayreville, New Jersey.

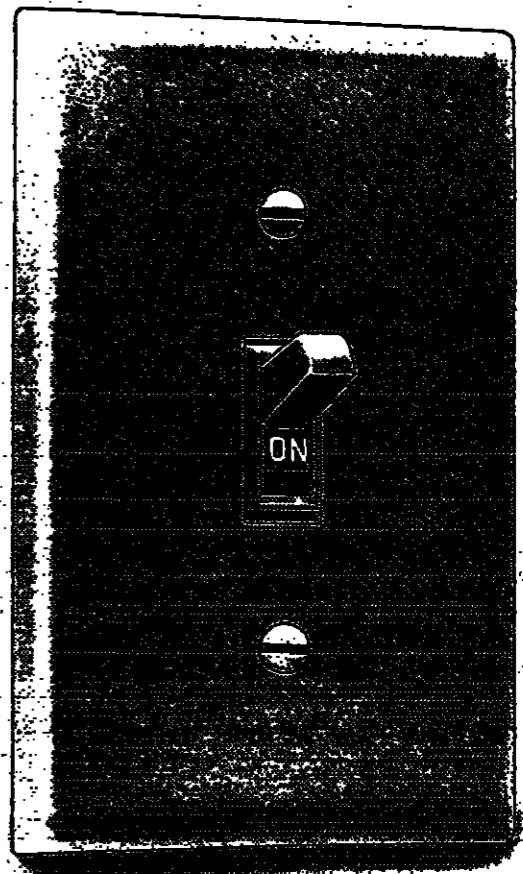
Westinghouse will manage this project on a total turnkey basis. From design, manufacture and construction through startup and long term operation, the Bellingham and Sayreville projects will serve the specific needs of our customer and the regional utilities.

With more than 100 years of quality performance in power generation worldwide, Westinghouse offers a full range of power generation products and services - from traditional equipment supply through turnkey projects and plant operation.

Westinghouse is continuing to meet the energy needs of a growing America.



Westinghouse



WORLD TRADE NEWS

US to go into battle over EC rules of origin

By Ian Davidson in Paris

NEW PROPOSALS governing rules of origin will be put forward to the General Agreement on Tariffs and Trade (GATT) trade liberalisation negotiations in Geneva later this month by the US Administration, Mrs Carla Hills, US Trade Representative, said yesterday. The proposals will be designed to counter existing European Community rules of origin which the US Administration considers discriminatory, and will call for harmonisation as well as procedures to govern the use of rules of origin.

of a five-day high pressure visit to six European cities, told a meeting of the conservative association Fondation du Futur that American semiconductor manufacturers were

manufacturers of printers and typewriters, but which compelled US companies to manufacture semiconductors in the Community or lose sales. During her whistle-stop tour,

'American manufacturers are being discriminated against by ambiguities in European Community rules of origin'

being discriminated against by ambiguities in European Community rules of origin. The discrimination arose as a by-product of a European anti-dumping policy initially directed against Japanese manu-

facturers of printers and typewriters, but which compelled US companies to manufacture semiconductors in the Community or lose sales. During her whistle-stop tour,

cast directive, which would require that at least 50 per cent of all TV programming should be of European origin.

Mrs Hills said the US would seek in the Uruguay Round of trade liberalising negotiations to secure a ban on local content requirements.

The US Trade Representative made clear that she would be protesting once again to the West German government against its policy of guaranteeing the West German end of the Airbus consortium against the risks of exchange rate fluctuations. She described this policy as "absolutely wrong".



Hills: taking the offensive

Cocom delay for Soviet phone deal

A MAJOR telecommunications contract under discussion between French telecommunications group Alcatel and the Soviet Union is being held up by Western restrictions on technology transfer to the East bloc, a spokesman for Alcatel's Belgian unit said yesterday, AP reports from Brussels.

The more than \$1bn deal would initially involve direct supply by the Belgian company, Alcatel Bell Telephone, of 250,000 digital telephone lines. In a second stage, Bell Telephone would join with the Soviet company Krasnaya Zarya to assemble the exchanges with a capacity of up to 1.5m lines a year.

The spokesman, who declined to be identified, said that the contract could not be concluded yet because of curbs by the Co-ordinating Committee on Multilateral Export Controls (Cocom) on technology transfer to the East bloc.

Paris-based Cocom is a 17-member western government organisation which controls exports of strategic technology to Eastern Europe and China. "Cocom does not accept technology transfer for the moment," the Bell spokesman said. He added that Alcatel was "continuing to negotiate in order to be 100 per cent ready when Cocom agrees to the technology transfer."

Japan launches review of trade practice law

By Robert Thomson in Tokyo

JAPAN'S Fair Trade Commission has announced the launch of a broad review of the country's business practice laws, including regulations relating to the much-criticised distribution system and to the corporate cross-holdings identified by US officials as trade barriers.

The commission, which will invite submissions from foreigners during open hearings, expects that the review will be completed in the first half of next year, and hopes new laws will reduce complaints from foreign companies about the mysterious workings of Japanese trade practice law.

Mr Jotaro Yabe, director of the commission's general affairs office said Japan wanted its laws to be more in harmony with international laws because "the Japanese market is such a big market", and because "Japanese companies are very active in foreign countries" and some are confused by the differences in trade practice legislation.

The Fair Trade Commission admits that present, awkwardly worded laws have remained obscure to outsiders

because very little case law has accumulated. In the 36 years of the present definition of unfair trade practices, only one conviction has been recorded, against a Japanese oil cartel a decade ago.

Four of the six complaints raised by the US at last week's Structural Impediments Initiative (SII) talks on trade fall within the jurisdiction of the commission, which will look at laws on bid-rigging on public works projects. However, Japanese negotiators at the talks said that US criticisms of the mid-action taken against trade practice offenders did not take into account the impact of being an outcast in Japan's corporate culture.

A group of eight Japanese contractors have accepted a Fair Trade Commission order to disband a cartel involving the supply of earth and sand for a new international airport in Osaka Bay.

The commission said six companies had conspired to pre-set the amounts and prices of raw materials needed for the airport. The six companies were ordered to pay surcharges totalling ¥320m (\$2.15m).

Australian publishers campaign against 'open market'

By Chris Sherwell in Sydney

PUBLISHERS in Australia are expected to campaign strongly against a recommendation by the Prices Surveillance Authority (PSA) to declare Australia an "open market" for books.

If accepted by the Canberra Government, the recommendation will bring Australia's notoriously high retail prices down by an estimated 30 per cent and put newly-published books on Australian bookshelves more speedily.

But apart from hurting book-sellers' margins, it would eat into foreign and local publishers' profits and perhaps impair prospects for local authors.

The proposal also has significant wider implications in the complex area of copyright, potentially affecting not only

The proposal has wider implications in the area of copyright

writers but also music publishers and software producers.

The agency's decision, which follows a three-month investigation, is a direct response to complaints that Australians have to wait too long and pay too high a price for their books under the present "territorial"

arrangements. Booksellers in Australia, a predominantly book-importing country, currently have to buy books from the Australian agents or subsidiaries of foreign publishers.

Because US and UK publishers have divided markets up so that Australia does not import from the US, that usually means UK publishers.

According to Professor Alan Fels, head of the PSA, the existing arrangements are a "vestige of colonialism" which operate to the advantage of book exporting countries like the UK.

He believes direct competition, in which UK and US editions of the same title fight in an open market, would benefit the consumer and put Australia in a similar position to Canada, where competition forces UK-published books below UK price levels.

But he also says Australian-authored books published in Australia should continue to be protected.

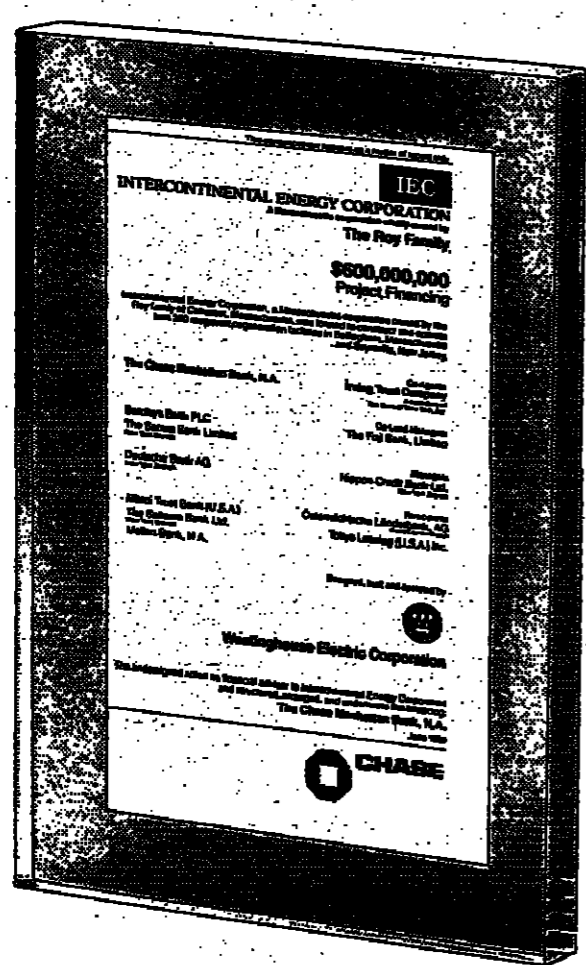
The agency's recommendations appear at odds with a recent review committee on copyright law, which favours the divisibility of copyright provided booksellers can

import titles when a publisher holding Australian rights cannot supply the titles within a certain time.

Mr Peter Carey, the Australian winner of the Booker Prize, agrees that copyright, which is "all a writer has to sell" should be divisible.

"All that's wrong at the moment," he told a recent gathering, "is that the British publishers are getting away with treating Australia as part of their copyright territory. This is of no benefit to anyone but the British publishers who get Australia on the cheap and don't have to take it seriously."

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The largest single U.S. financing in the independent power and cogeneration field was an excellent opportunity for Chase to bring our considerable skills in project finance and syndication to bear on a massive and complex project.

During the past six months, our team of project finance specialists spent countless hours with Intercontinental Energy Corporation, Westinghouse, four utility companies and over ten other companies so that Chase could structure a \$600,000,000 financing that would be acceptable to the financial community.

It will fund the construction of two virtually identical 300 megawatt power plants in Bellingham, MA and Sayreville, NJ. Together, these projects will bring reliable, economical sources of energy to thousands of private citizens.

And to the knowledgeable players in the energy industry, we believe these projects demonstrate our financing capabilities, commitment to leadership, innovation, and our ability to turn powerful ideas into tangible results.



Volvo agrees car deal with South Korea

By Kevin Done, Motor Industry Correspondent, in Frankfurt

VOLVO, the Swedish car and truck maker, is aiming to complete negotiations with Saangyong, one of the leading South Korean industrial groups, by the end of the year for the production in Korea of a car based on Volvo technology.

According to Mr Roger Holtback, the president and chief executive officer of Volvo Car, the Swedish group's car-making subsidiary, Volvo has signed a letter of intent with Saangyong, and the Korean group has filed an application with the Korean authorities to start production.

In an interview in European Motor Business, published by the Economist Intelligence Unit, Mr Holtback says that "the first step will be to develop a Saangyong car, built with Volvo technology and derived very much from the Volvo 240 concept with regard to platform, chassis, engine and transmission."

The car would be produced for the South Korean market. Mr Holtback said that Volvo was aiming at much more than a simple transfer of technology.

"South Korea is important and we think that we should build up general and industrial and technological links in the region... it is very important that we do not only transfer technology," he said. In a second phase, which

would be more of the nature of a joint venture, Volvo is planning to purchase a larger volume of components from Saangyong. "For the total production of Volvo cars we think that South Korea could become a good source for Volvo in association with Saangyong."

"On a long term basis we can have different visions and it might be so that Volvo, together with Saangyong, can produce Volvo cars in South Korea in the early part of the next century."

He said it was too early to comment on whether Volvo would take an equity stake in Saangyong.

Volvo is seeking to rapidly increase its market share and sales in the Far East. It is aiming for sales of around 25,000 cars a year in Japan by the year 1995, compared with sales of 6,500 this year.

It is aiming to sell around 10 per cent of its total volume or 40,000 cars a year in total in Asia by the mid-1990s. Volvo's main car assembly plants are in Sweden and in Belgium, while it holds a 30 per cent equity stake in Volvo Car BV in the Netherlands, which produces the smaller Volvo models, the 300 and 400 series.

A small volume of its top of the range 780 are also assembled by Bertone in Italy, and it has a limited car assembly operation in Canada.

Hong Kong watch export growth slows

By John Elliott in Hong Kong

THE GROWTH of Hong Kong's highly successful exports of domestically produced watches and clocks slowed dramatically in the first half of this year because of a slump in world-wide demand.

Between January and June, watch and clock exports rose by only 2 per cent over the same period last year compared with growth of 24 per cent in the whole of 1988.

But there has been continued rapid growth of more than 90 per cent of re-exports of watches and clocks produced in China which is being increasingly used by Hong Kong industries because of its available sources of cheap labour and factory premises.

Statistics released yesterday by the Hong Kong Trade Development Council to mark the opening of Hong Kong's annual watch and clock fair show that exports of domestically produced watches and clocks totalled HK\$16.6bn (£1.4bn) in the whole of last year and HK\$7.38bn in the first half of this year.

Re-exports of watches and clocks produced in various countries, including China, rose by 50 per cent last year to HK\$7bn.

Hong Kong is the world's largest exporter of complete watches and clocks in quantity terms and the second largest exporter of watches alone in value terms after Switzerland and before Japan.

Danes start network for small firms

By Hilary Barnes and Xueling Lin in Copenhagen

AN UNUSUAL "network" scheme started by the Danish Industry Ministry may be the solution for the small companies of smaller EC countries in their fight to remain competitive against larger rivals.

The Danish companies have been encouraged to form themselves into groups which will collectively market and launch new products, do research and share technological developments - all with the support of a fund started by the ministry.

The scheme envisages the companies creating a co-operation which goes further than a joint venture although stopping short of a merger.

The creation of networks within Danish industry, which is characterised by numerous small companies, appears to be the Danish answer to 1982 and the large companies in other EC countries.

"The scheme works on two fronts; financial support which acts as the initial incentive for small companies to get together and in the longer run to get the companies used to the idea of working together," explained Mr Kurt Steen Jacobsen, department head of the Industry and Trade Board which administers the fund.

The Board has trained 40 "network agents" who will promote the new idea. Two pilot networks have been started involving 18 companies; 11 textile and clothing companies under the name of CD Line and seven furniture producers under the name Alfa Betica Group. The clothing companies intend to launch a top-to-toe line of executive wear while the furniture group will market a range of up-market office furniture in West Germany, Holland and the UK.

If there's one seat at British Satellite Broadcasting that's hotter than all the others, John Gau is sitting in it.

Who, after all, could be more fundamental to a new TV station aiming to get five channels off the ground, than its Director of Programmes?

John Gau has, it's true to say, something of a reputation for being at the leading edge - and encouraging others to hang in there with him.

During his 17 years at the BBC, John edited Nationwide, conceived Newsnight and Question Time and became Head of Current Affairs.

More recently, he headed John Gau Productions, one of Britain's most successful independent production companies.

He's a past Chairman of the Independent Programme Producers' Association.

And his three-year term as Chairman of the Royal Television Society ended only this year.

When it was announced that he was joining us at BSB, more than one journalist asked why.

He replied that he saw BSB, with its five themed

channels, as complementary to the existing terrestrial services. "I couldn't," he added, "resist being in at the start of this exciting new phase in the development of British broadcasting."

John's enthusiasm hasn't dimmed over the past two years, during which time we've researched viewers' dislikes and desires upside-down and sideways.

What we've learnt so far has influenced our thinking across all five BSB channels.

We found out that what viewers want from BSB's Sports Channel is British sport aired in peak time.

So, for starters, we bought rights to English and Scottish FA Cup and Scottish League matches and we'll show them in the evening, live.

We found out that to be home box-office hits, films shown on BSB's Movie Channel need to be recent and not viewable elsewhere on television.

So we bought the exclusive TV rights to enough movies to screen over 100 a month, and made sure over 20 a month will be 'first-run'.

We found out that women view TV in short, sharp

bursts in the morning; at their leisure in the afternoons.

So BSB's Now Channel is structured to show interesting, informative snippets before lunch; relaxed, magazine-style programmes after lunch.

We found out just what teenagers want from their own channel.

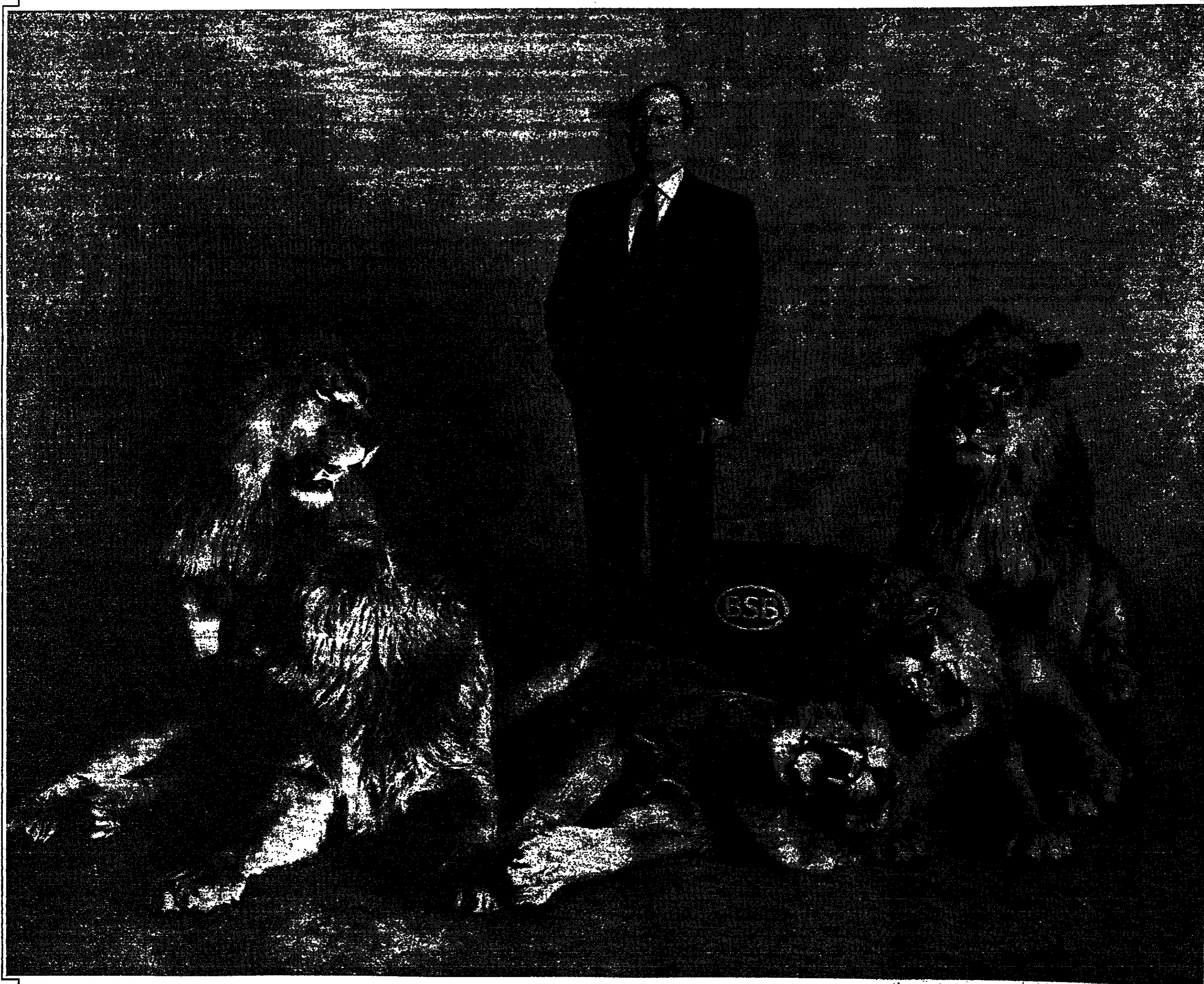
So BSB's Power Station will air the required mix of pop and rock music, have vj links, features and live concerts.

We found out (surprise, surprise) that a lot of people are interested in soaps, game shows, drama and classic British comedy.

So that's what BSB's Galaxy Channel will major on. At BSB we're not guessing, we're asking. And we'll go on doing so up to and beyond next Spring when we go on air.

Because, when you're launching a TV station that will broadcast more hours than BBC1, BBC2, ITV and Channel 4 put together, you can't really afford to get it wrong.

However fearless you may be.



**When it comes to putting his reputation on the line,
our Director of Programmes knows no fear.**

BRITISH SATELLITE BROADCASTING. SATELLITE IN ORBIT. PROGRAMMES START IN SPRING ON ALL FIVE CHANNELS.

For more information, call 0800 800 200 free or write to British Satellite Broadcasting Ltd, PO Box 1122, Marcopolo Building, Chelsea Bridge, Queenstown Road, London SW8 4NJ.

UK NEWS

Verdict goes against bank in key case on equal pay

By Michael Smith, Labour Staff

AN INDUSTRIAL TRIBUNAL ruled yesterday that seven female clerical workers at Lloyds Bank are entitled to equal pay with a higher paid male messenger in a case that has implications for the pay-bills of companies throughout Britain.

The tribunal's decision is thought to be the first in Britain to find in favour of a group of white collar staff who claim to be doing work of equal value to blue collar workers.

It could prompt a flood of demands for higher pay from hundreds of thousands of staff working for other employers. The Equal Opportunities Commission, which backed the seven secretaries and typists in their fight for equal pay, said

yesterday that the ruling was a warning to employers to review their pay structures.

In its unanimous ruling, the London tribunal said the bargaining processes which led to the difference in pay were "tainted by direct sex discrimination." It added that the inequality in earnings between sexes in companies throughout Britain "derives partly from the under-valuation of work in predominantly female occupations and from the weaker collective bargaining power in such occupations."

Lloyds, which employs more than 5,000 secretaries, is considering an appeal. It said it had always considered itself an equal opportunities employer and believed its secretaries

were paid a competitive salary. The company had previously abandoned its original argument that the women's jobs were not of equal value to that of the messenger. It said, however, that the pay gap was justifiable because it arose from the separate collective bargaining arrangements which existed for clerical staff and messengers.

Yesterday's decision is the most significant ruling on the issue since five Law Lords ruled in May 1988 that Ms Julie Hayward, a shipyard cook, was entitled to pay parity with male workers. That case was significant because it established a precedent that additional benefits other than pay should not be taken into account.

Top fund managers plan new association

By Richard Waters

The UK's most powerful fund managers are planning a new trade association which would cut across the divisions which currently exist in the business.

The new body will be open to all those who manage funds on behalf of others, regardless of whether they are part of investment banks, insurance companies or other bodies, said Mr Robin Hutton of the British Merchant Banking and Securities Houses Association.

Although the BMBSA was involved in the original planning, the association, to be known as the Institutional Fund Managers Association, will operate independently.

Currently the BMBSA, the Association of British Insurers and the National Association of Pension Funds all represent different sections of the industry through their investment committees. The steering committee for the association includes Prudential, Robert Fleming and Mercury Asset Management.

Democrats back European charter

By Our Political Staff

THE PROPOSED European social charter to protect workers' rights yesterday received overwhelming backing from representatives at the Liberal and Social Democrats conference at Brighton.

They also strongly criticised much of the British Government's employment and trade union legislation.

Mr Jim Wallace, MP for Orkney and Shetland and the Democrats' employment spokesman, said that Britain could lose some of its best employees who would go to work in other Community countries unless

they were given equivalent rights and protection at work.

The single market had to be meaningful to ordinary people as well as businessmen, he said. The Government's approach to the social charter was negative and concerned with only a narrow range of people. This was reflected in its most recent employment and trade union legislation which reduced rights at the workplace at a time when they should be extended.

Ms Margaret Holmstedt (Calderdale) said the results of the last elections to the Euro-

pean Parliament showed that there was strong public support for the social measures proposed in the charter.

The rights of British trade unionists had always lagged behind those in other European countries.

The EC provided the only defence against Thatcherism and the social charter would provide these rights. She forecast that the Government could not win its fight against the charter. There were only two other Conservative governments in Europe - in Greece and Denmark - and the legisla-

tion could be passed by majority vote.

Representatives overwhelmingly passed a motion welcoming the single European market and supporting the social charter to protect the right to organise, take strike action, have collective bargaining and participate in setting employment conditions.

●EXPENDITURE on the National Health Service should be increased immediately by £2bn, according to Mr Ronald Fearn, MP for Southport, and health spokesman for the Social and Liberal Democrats.

Chancellor defends his EMS plan

By Simon Holberton, Economics Staff

MR NIGEL LAWSON, the UK Chancellor of the Exchequer yesterday defended his ideas for modifying proposals for European economic and monetary union and denied that they were forced upon him by Mrs Margaret Thatcher, the Prime Minister.

His proposal, which was given a cold reception at Antibes, did not relate to retail transactions, such as foreigners paying for a pub lunch in French francs or D-Marks, he said. Instead it referred to ending restrictions on savings and promoting the free use of whatever European currency a business wishes in its activities.

The Chancellor's idea was presented as an alternative to stages two and three of the Delors report on economic and monetary union which chart moves towards the creation of a European central bank, a common currency, and EC oversight of national budgets.

However, he said there was a growing awareness in Europe that the Delors plan would restrict the freedom of Governments and was undemocratic.

Voluntary queuing system set up for London share issues

By Richard Waters

THE CITY of London has set up a voluntary queuing system for new issues of shares and other sterling securities to replace the compulsory one abolished in this year's Budget.

This follows calls from issuing houses for new arrangements to ensure that two or more share issues do not clash. Such overlap creates disorder in the market and makes it difficult for underwriters to give proper attention to each issue before them, it is claimed.

The old queue, policed by the Bank of England, was required under the Control of Borrowing Order. Its abolition has left a free-for-all although the Stock Exchange could not point yesterday to any examples of congestion in the market.

The new arrangements will also be overseen by the Bank of England, which has become involved at the invitation of the Stock Exchange and the British Merchant Banking and Securities Houses Association.

The BMBSA, which represents most issuing houses, said that

it was unable to organise the queue itself because of the danger of information leaking out.

Under the new system, the sponsor of an issue worth over £20m would tell the Bank about the deal. A second firm planning an issue at the same time would be told of the overlap: if it refused to choose another date, the first firm would be contacted. If neither backed down, the Bank would in some cases put the two firms in contact with each other to sort the matter out.

The arrangement will not be compulsory. However, both the BMBSA and the Exchange said they would "expect" their members to comply.

●THE Independent newspaper is seeking to persuade the Stock Exchange that it should be allowed to restrict any one shareholder to 15 per cent or less after its planned flotation next year. Mr Andrew Whitlam Smith, editor, said yesterday there were precedents for such a restriction.

Euro-houses face legal quandary, Page 33

'Significant' rise in pay settlements

By Charles Leadbeater, Labour Editor

UK PAY settlements have risen significantly during the last year from the 6 per cent level which prevailed in 1987-88, according to a survey published today.

The survey by the Labour Research Department, the British trade union funded research group, covered 567 agreements in the private and public sectors which set the pay of nearly 11m workers.

The report says the rise in inflation from 5.7 per cent in August 1988 to 8.3 per cent this July is likely to feed pressure for higher settlements in the coming year.

It says that "As the bargaining round ended, negotiations were taking place in a totally different atmosphere than at the start. This will spill over into the start of the new bargaining year this autumn."

Air Europe applies for transatlantic licences

By Paul Betts in Paris

AIR EUROPE, the British airline owned by Mr Harry Goodman's International Leisure Group, is stepping up competition in transatlantic air travel by applying for licences to operate its first scheduled long-distance services.

The airline announced yesterday that it had applied to the Civil Aviation Authority for licences to fly from regional airports at Gatwick, Manchester and Glasgow to destinations in Canada, the US, Mexico, Nassau, Bermuda and New Zealand. The issuing of the licences could signal the beginning of a new fares war on busy transatlantic routes.

Air Europe's move is expected to be followed soon by other independent airlines. British Midland is expected to disclose today a new joint venture involving transatlantic services with SAS, the Scandinavian airline which owns 24.9

per cent of the British airline, and possibly a third party.

These moves coincide with a spate of cross-shareholding and co-operation agreements between major European airlines and US partners designed to secure a greater share of transatlantic traffic.

Airline industry analysts said Air Europe, which had successfully expanded its European scheduled airline services during the last two years, had been widely expected to make a move on long distance flights, with its new Boeing 757 extended range aircraft and the McDonnell Douglas MD11 due to be delivered in late 1990.

Mr Goodman yesterday signalled a possible fare-cutting offensive. However, some industry analysts suggested Mr Goodman was taking a major risk by taking on the major airlines on some of their key long distance routes.

Dublin to press Britain over intelligence leaks

By Our Belfast Correspondent

SECURITY matters will dominate a meeting of the Anglo Irish Intergovernmental Conference scheduled for Dublin on Friday.

Irish ministers will press their British counterparts to explain what action is being taken to stem the alleged flow of intelligence information to Loyalist para-military organisations.

The Royal Ulster Constabulary said yesterday a senior officer had been appointed to investigate the disappearance of a file on Irish Republican Army suspects from an Ulster Defence Regiment base at Ballykinlar, County Down.

Mr John Cope, Northern Ireland Security Minister, said yesterday the Ballykinlar incident was very damaging to the security effort.

The disclosure follows claims by the Ulster Freedom Fighters, an outlawed Loyalist

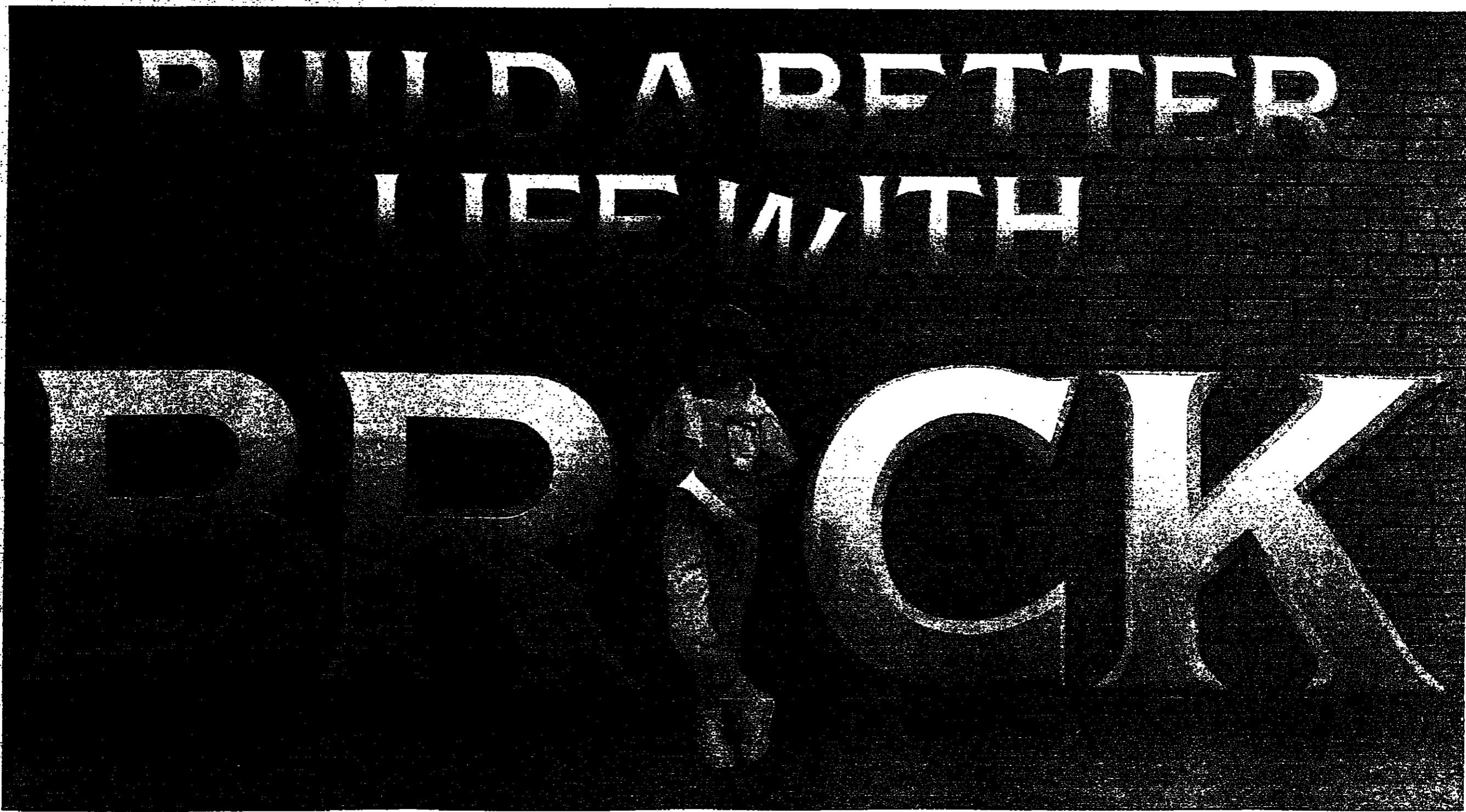
terror group, that it used security force documents to target Mr Laughlin Maginn, a Roman Catholic shot dead in August.

Nationalist politicians have demanded an independent inquiry into the matter and Mr Gerry Collins, the Republic's Foreign Affairs Minister, said the issue of security force links would top this week's agenda.

The Irish government will also be raising the case of Cameron Hastie, a Scottish soldier allowed to remain in the British army after being convicted of supplying information likely to be of use to terrorists.

The use of plastic bullets in Northern Ireland following the death of a 15-year-old schoolboy last month is also expected to be on the agenda.

Mr Peter Brooke, Northern Ireland Secretary, will be attending his first meeting as co-chairman of the conference.



BRICK KEEPS BRITAIN BEAUTIFUL

UK NEWS

Figures reflect impact of Britain's warm summer

High interest rates keep UK sales in the doldrums

By Peter Norman, Economics Correspondent

HIGH interest rates and exceptionally warm summer weather kept Britain's retail trade firmly in the doldrums last month, according to official figures yesterday.

The Central Statistical Office said its provisional estimate of retail sales volume showed a seasonally adjusted increase of only 0.4 per cent in August compared with July and a 0.9 per cent gain compared with August last year.

August's modest pick-up in sales after a fall of around 0.5 per cent between June and July was foreshadowed in last week's Confederation of British Industry/Financial Times distributive trades survey. Yesterday's increase was fractionally below the consensus expectations of City analysts, however.

Retail sales in the three months to the end of August were down 1 per cent compared with the previous three months. That was the first such fall since March 1984. Sales in the latest three months were 1.1 per cent higher than in the same period of 1988, the lowest rate of increase since June 1982.

Government statisticians said that sales of household goods were particularly depressed in August, reflecting stagnation in the housing market.

Yesterday's news, providing further proof that the Government's counter inflation strategy is successfully curbing consumer demand, had little impact on financial markets.

It was accompanied by other official figures which showed an unexpected 0.3 per cent drop in manufacturers' input prices for fuel and raw materials last month and

industry's factory gate prices running at an unchanged 4.8 per cent annual rate.

The seasonally adjusted index of retail sales volumes stood at a provisional 121.5 in August (1985 = 100) after 121 in July.

●03 Inflationary pressures in manufacturing appear moderate with official figures yesterday showing an unchanged monthly rise in prices in August which left factory gate prices 4.8 per cent above their level of a year ago, writes Simon Holberton.

The Central Statistical Office said that its index of home sales rose a provisional 0.3 per cent last month, the same monthly rise as in June and July. Excluding the food, drink and tobacco industries, factory gate prices rose 0.3 per cent to stand 5.4 per cent above their level in August last year.

In Brief

First £100 interbank cheque card launched

THE FIRST £100 cheque guarantee card to operate within Apacs, the interbank clearing system, was launched by the Trustee Savings Bank yesterday.

The £100 guarantee is carried on TSB's Visa debit card, which carries the brand name "Bankcard" and will be available to the bank's 4m current account customers.

Apart from cheque guarantee, the card can also be used for cash machine withdrawals, and debit card payments through the Visa system.

Footwear struggles

THE beleaguered UK footwear industry is struggling against a continuing increase in imports and a sharp downturn in orders as it enters the autumn trading period. The latest statistics from the British Footwear Manufacturers Federation show that the condition of the industry, concentrated in the east Midlands and the north-west, deteriorated significantly in the first half of 1988.

Reuters man dies

SIR Christopher Chancellor, journalist, editorial manager and businessman who died at the weekend aged 85 played a key role in the development of Reuters, the international news agency. Sir Christopher, whose father Sir John Chancellor was a distinguished colonial administrator, was a central figure in strengthening the financial base of the news agency by selling the service more widely round the world while at the same time underpinning its independence from the British government.

Wine sales up

BRITAIN'S wine drinkers are forecast to consume a record 1bn bottles this year according to figures published by the Wine and Spirit Association. Sales are up by almost 6 per cent on last year with the sunny summer causing an increase in demand for sparkling wines and lower alcohol wine drinks such as spritzers.

Soccer business at United

Paul Cheeseright looks at a new force in British football

Michael Knighton sees himself as one of a new breed of British football club owner. Scholar at the Tottenham Hotspur club, Murray at Glasgow Rangers, Mercer at Heart of Midlothian, Duff at Hibernian and now Knighton at Manchester United.

They have in common the belief that football is a business not a toy; that they are in the sporting industry. "We are investing in the industry which has major pulling power that has not been exploited," Mr Knighton said.

His target is to make Manchester United, still one of the most loyal followed British football clubs, a £150m (£231m) business in 15 years. He has a long way to travel. Turnover in the year to July 1988, the last for which figures are available, was £7.58m; the pretax loss was £1.29m.

Buying a football club is at best an unorthodox transaction. In its last accounts Manchester United had net assets of £4.19m, but its most valuable resources - footballers - not on the balance sheet.

The players, Mr Knighton supposes are worth anything between £12m and £20m. Such a guess is not surprising. It is difficult to value a delicate piece of sporting machinery like Neil Webb, who cost £1.5m but cannot play for six months because of injury.

Mr Knighton will not say how he concluded that Manchester United is worth £30.1m, the value of his £20 a share offer in September. The offer was accepted by Mr Martin Edwards, the outgoing chairman who remains as chief executive, and owned just over half the equity. An offer document goes out to other shareholders in the next three weeks.



Manchester United chairman Knighton greets the fans. Last year the club spent £2.35m on new stars while in 1988-89 it paid £2.95m more on players than it received.

never drop below 50 per cent. "I will always be the overwhelming senior shareholder."

Mr Knighton knows Mr Thornton because they are neighbours in Ayrshire. Mr Thornton, once chief of Debenhams department store, knows Mr Cohen, self-styled company doctor, because they work together, most recently at the Cohen-dominated company, Betterware Consumer Products where Mr Thornton is chairman.

The youngest and least known of the trio is Mr Knighton. "I'm not a City figure", he conceded. But questions about his personal wealth are met brusquely: "I've no idea how much I'm worth." followed by admission of being "moderately wealthy".

His money is in property. "I've simply been investing very quietly in very desirable, very rare buildings with architectural merit." So he has a tectural property portfolio, some of which is used for residential purposes and some for residential. And there is a 35 acres farm on the Isle of Man.

Some of this wealth is now being siphoned off into Manchester United. But to what extent the shareholders of MK Trafford are going to use their own money to give the club a capital injection is not clear. The new owners are already committed to the replacement of part of the football stadium - the Stretford End stand - and that will cost between £5m and £15m depending on the design chosen. They also have an urgent need to expand the commercial activities of the club to fill the financial gap which opens up every time Manchester United enters the players' transfer market.

This involves aggressive merchandising of the club name and expansion of the sponsorship arrangements with Sharp, the Japanese electronics group, and Adidas, the sports goods manufacturer.

But failure cannot be merchandised. Manchester United needs success on the field if it has lacked of late. Till brighter playing days arrive the commercial plans which would bear fruit if the club became part of some future European Super League are likely to languish, like the team now bumping along near the bottom of England's fourth division.

First joint venture in Gibraltar opened

By David Sarchard

THE FIRST ever joint venture in Gibraltar by a British and a Spanish bank was officially opened yesterday by Royal Bank of Scotland and Banco Santander Group.

The two banks, which a year ago announced an alliance in European markets, have each contributed half the £5m capital of the Royal Bank of Scotland (Gibraltar) and will specialise in offshore and expatriate banking services.

"As far as we can discover, this is not just a banking event. It seems to be one of the first joint ventures of any sort between British and Spanish companies in Gibraltar," said Mr Alwyn James, spokesman for RBS. Don Emilio Botin, chairman of Banco Santander, and Sir Michael Herries, chairman of RBS, presided over the opening.

Sell-off campaign to 'cost taxpayer £2bn'

By Michael Cassell, Political Correspondent

THE opposition Labour Party claimed yesterday that the taxpayer faced a total bill of more than £2bn in expenses incurred as part of the government's continuing privatisation programme.

Mr Gordon Brown, the party's treasury spokesman, claimed that the cost, which included advertising and fees to City of London advisers, was equivalent to estimates for the backlog of capital repairs required within the national health service or to 1p on income tax.

Labour claims that the total privatisation bill for promotion and City fees up to this year was just over £1bn but says the figure will double by the time water, electricity and the remainder of British Telecom have been sold off. Water and electricity alone are expected to involve more than £100m in advertising charges.

Mr Brown said the £2bn calculation, based on a study of

National Audit Office figures for floatations carried out so far, was the first assessment of the cash being paid out by the Government to advertising agencies, banks, underwriters and stockbrokers.

He added: "Privatisation has become the ad man's dream and the city's biggest pay day. While the biggest privatisation beneficiaries are in the city and in ad agencies, the losers are taxpayers who have been subsidising some of our richest advertising agencies and city institutions".

Labour intends to maintain its campaign of criticism aimed at high levels of government spending on what it sees as party propaganda, rather than public information. It is seeking an investigation by the Commons Public Accounts Committee and has also referred the issue to the Independent Broadcasting Authority.

London boom expected

By David Churchill, Leisure Industries Correspondent

THE London Tourist Board is urging leading property developers to build more hotels in the London area to meet the potential increase in demand for tourists to the capital over the next decade.

The Board has written to the developers giving details of over 60 potential hotel sites on

the edge of London which would be suitable.

Some of these sites already have outline planning permission for hotels, the Board said yesterday, or will be looked on favourably by the local authority. Others are existing buildings set in extensive grounds and suitable for conversion.

SW England threatened

By Hazel Duffy

The future competitiveness of the south-west of England is threatened unless the system of roads internally and their connections with other regions are improved, said a working party of the Confederation of British Industry, the employers' organisation.

The report, "Prosperity for

the 1990s, the South West's needs", warned that business will decline unless the situation is corrected. Cornwall has no motorway, and the report said existing main roads are already "inadequate".

The Department of Transport is thought to be considering how to improve road links.

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sunshine to whet your appetite for the delicious meal ahead. And afterwards relax and take advantage of our unique, multi-lingual, on-board library.

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"Nomura has very good placing power."
— The Bank of Italy

The Italian government successfully raised US\$2 billion, only days after the global stock market crash in 1987. Nomura was selected to lead manage two issues of ¥150 billion each in the Euromarkets in the face of strong competition. Nomura had already been observed carefully by the Bank of Italy and admired for its commitment to both clients and the market. "Nomura has very good placing power. They are very strong in Japan, which is important because there is so much financial power there," a bank official said.

"We chose Nomura because they offered the best terms."
— European Investment Bank (EIB)

The Principal Advisor at the European Investment Bank (EIB), Mr Jean-Claude Bresson, said that EIB chose Nomura to lead manage an ECU Eurobond issue because they offered the best terms and because of Nomura's strength. "We have done deals with Nomura in yen, US dollars and other currencies, and we've known them for 17 years," Mr Bresson added. He stated that the best possible placement, and a strong smooth secondary market were also of great importance for their successful Eurobond issue.

"Before choosing Nomura we looked at all the relevant aspects; size and leadership."
— Oesterreichische Kontrollbank (OKB)

OKB wanted to raise US\$200 million in the Samurai market last year. It thought, long and hard, examining all the aspects before choosing Nomura. Dr Johannes Aiterns, a senior director of OKB, attributes Nomura's success in the Euromarkets to a number of factors. "They have been able to attract bright and intelligent people to implement their policies into a successful strategy of approaching borrowers with ingenious concepts," Dr Aiterns said.

"Nomura came out first largely because they have considerably more experience."
— British Steel plc

The privatization of the British Steel Corporation was largely in the hands of Jim Whitfield, project director for the US\$4.6 billion floatation last year and a member of the government judging panel that selected Nomura to lead manage the Japanese tranche of the offering. "In the beauty contest we saw the major Japanese houses. Nomura came out first, because they have considerably more experience in privatization floatations in Japan. There is a great advantage in having a company that knows its way around this specialized area," Mr Whitfield said.

Screenings from Nomura's clients. (Interviews by Euromoney)

Nomura's Underwriting Activities for Non-Japanese Issuers

The List of Completed Deals, January 1st to December 31st, 1988

<ul style="list-style-type: none"> ■ European Bonds New Zealand (¥10 billion) New Zealand (¥10 billion) SARA (¥7 billion) SITCO (¥15 billion) NAB (¥10 billion) State Bank of South Australia (05=10 billion) SINSW (¥20 billion) New Zealand (¥20 billion) Ireland (¥30 billion) EDF (¥30 billion) Sweden (¥50 billion) OKB (¥25 billion) Christiana Bank og Kreditkasse (¥1 billion) Christiana Bank og Kreditkasse (¥1 billion) Christiana Bank og Kreditkasse (¥4 billion) Bergen Bank A/S (¥3 billion) Hilafix Building Society (¥20 billion) Banca Nazionale del Lavoro (¥7.3 billion) I/S ELSAM (¥12 billion) Banca Commerciale Italiana (¥3 billion) PIBANK (¥20 billion) CARIPLO (¥4.250 billion) Intel (¥10 billion) The Toronto Dominion Bank (¥10 billion) FNMA (Euro Dual Currency Bonds ¥10 billion) FNMA (Euro Dual Currency Bonds ¥10 billion) ■ Miscellaneous Currency Bonds New Zealand (Eurodollar Bonds \$160 million) NIB (Eurodollar Bonds \$300 million) AIC (Euro Australian dollar Bonds AS100 million) New Zealand (Euro Australian dollar Bonds AS200 million) Credit National (Eurodollar Bonds \$200 million) OKOBANK (Eurodollar Bonds \$70 million) BP America (Eurodollar Bonds \$100 million) BP America (Eurodollar Bonds \$100 million) PEC (Eurodollar Bonds \$150 million) Skopbank (Eurodollar Bonds \$50 million) 	<ul style="list-style-type: none"> ■ BP America (Eurodollar Bonds \$100 million) ■ Sweden (Eurodollar Bonds \$200 million) J Samsbury (Eurodollar Bonds \$200 million) Lavvo Bank Overseas (Eurodollar Bonds \$250 million) Spanglassen SD5 (Eurodollar Bonds \$200 million) IBP (Eurodollar Bonds \$150 million) Z Bank (Euro Australian dollar Bonds AS75 million) Electrolux (Euro Australian dollar Bonds AS100 million) EIB (Shogun Euro ECU Bonds 100 million ECU) Intel (Eurodollar Bonds \$50 million) The Toronto Dominion Bank (Eurodollar Bonds \$100 million) ■ Samurai Bonds/Danimo Bonds Malaysia (Samurai Bonds ¥30 billion) Mass Transit Railway Corporation (Samurai Bonds ¥10 billion) SARA (Samurai Bonds ¥10 billion) Oil & Natural Gas Commission (Samurai Bonds ¥20 billion) ANB (Danimo Bonds ¥30 billion) Finland (Samurai Bonds ¥15 billion) Autopagos del Atlántico, C.E.S.A. (Samurai Bonds ¥20 billion) World Bank (Danimo Bonds ¥50 billion) ■ Yen Private Placements Banque National d'Algerie (Yen Private Placement ¥8 billion) Trinidad and Tobago (Yen Private Placement ¥10 billion) Barbados (Yen Private Placement ¥3 billion) World Bank (Yen Private Placement ¥10 billion) ■ Equities British Gas plc (Listing) Philips NV (Listing) Sanchi & Sanchi Company plc (Listing, Public Offering ¥1,200 million) National Westminster Bank plc (Listing, Public Offering ¥25 billion) Bayer AG (Listing, Offer for Sale ¥12.7 billion) British Steel plc (Offer for Sale ¥42.3 billion) Imperial Chemical Industries PLC (Listing) Compagnie Generale d'Electricite (Listing, Offer for Sale ¥7.8 billion) Fisons plc (Listing, Public Offering ¥7.4 billion) Mobil Corporation (Listing)
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January 1st to August 15th, 1989

<ul style="list-style-type: none"> ■ European Bonds Bergen Bank A/S (¥10 billion) Eurofina (¥30 billion) Christiana Bank og Kreditkasse (¥10 billion) Compagnie Bancaire (¥10 billion) Crednop Finance (¥5 billion) PIBANKEN (¥3 billion) Den Danske Bank (¥25 billion) Den Danske Bank (¥25 billion) Campla (¥3 billion) Credia Lyonnais (¥35 billion) The Toronto Dominion Bank (¥3 billion) Nacionale Del Lavoro (¥2 billion) State Bank of South Australia (¥35 billion) State Bank of South Australia (¥10 billion) State Bank of South Australia (¥3.6 billion) ■ Eurodollar Bonds Abbey National Building Society (\$200 million) Spanglassen SD5 (\$300 million) Lavvo Bank Overseas (\$200 million) KOP (\$200 million) Skopbank (\$50 million) EEC (\$150 million) Banca Nazionale del Lavoro (\$200 million) Credit Italiano (\$80 million) Ford Motor Credit (\$200 million) Monse de Paschi (\$100 million) Nesse Oy (\$250 million) MAP Investments (\$300 million) BFCF (\$175 million) Denmark (\$150 million) ■ Euro Canadian dollar Bonds Interfinance Credit National (CS75 million) Interfinance Credit National (CS75 million) ■ Euro Australian dollar Bonds SEK Capannon AS125 million) Export Finance (AS100 million) ■ Euro Swedish Kroner Bonds International Finance Corporation (500 million Kroner) ■ Euro ECU Bonds PIBANKEN (50 million ECU) Racob Finance NV (60 million ECU) ■ Euro Share Offering AMER Group Ltd. (1,207 million DEM) 	<ul style="list-style-type: none"> ■ Samurai Bonds/Danimo Bonds New South Wales Treasury Corp. (¥30 billion) Oil & Natural Gas Commission (¥20 billion) Bank of China (¥20 billion) African Development Bank (¥40 billion) Hellenic Industrial Development Bank S.A. (¥20 billion) Kumagai Development Finance Agency (¥10 billion) OKB (¥20 billion) New Zealand (¥20 billion) International Finance Corporation (¥20 billion) ■ Shogun Convertible Bonds The Periniolar and Orcaul Steam Navigation Company (\$175 million) ■ Yen Private Placement Ceskoslovenska Obchodni Banka a.s. (¥10 billion) ■ Stocks The BOC Group plc (Listing, Public Offering ¥5.35 billion) American Brands Inc. (Listing)
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Eurobond League Table in 1988 (Book Runners Only)

Rank	Issuer	Amount (\$m)	No. of Issues
1	Nomura Securities	7,877.4	134
2	Goldie Gaine	1,469.59	35
3	Parsons Bank	1,218.42	24
4	Danielson	1,144.88	20
5	Wentworth Securities	1,085.00	61
6	Miles Securities	976.99	61
7	Moyle Lynch	628.30	25
8	Bankers	608.00	20
9	Trust International	600.00	20
10	Bankers	600.00	20
11	Industrial Bank	500.00	20
12	Industrial Bank	500.00	20
13	Skopbank	500.00	20
14	SCF	450.00	20
15	Gibson Sachs	400.00	20
16	Dresdner Bank	300.00	20
17	Argyle Supply	250.00	20
18	Commerzbank	250.00	20
19	Sage Bank Corp	200.00	20
20	Hutchins Bank	200.00	20



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MANAGEMENT: The Growing Business

Professionals should not practise at running a business

When Manser Associates, a London-based architects' practice, appointed an office manager to handle the day-to-day running of its business...

A big hand on small firms

Charles Batchelor explains how the TECs are being hijacked

Professional concerns, says Magrath.

Powell Magrath and Manser Associates both employ office managers but find that they can still benefit from outside professional advice.

Blackstone Franks has helped Manser tighten up many of its management procedures and given it more control of the uncertain business climate in which architects work.

Blackstone Franks is helping Manser introduce a computer system to handle invoicing and to analyse timesheets to ensure the architects are working profitably.

Although Powell Magrath sees a role for specialist managers in its efforts to become more businesslike, professional partnerships tend to reject the idea of bringing in outsiders.

Blackstone Franks, which has nine accountancy partners in a total workforce of 120, has had office managers in the past.

The six senior accountancy partners now divide up routine management tasks among themselves. One is responsible for the reception area, another for the filing system, others for personnel matters.

Conran Roche, an architectural planning and property company employing 85 people with turnover of \$4.5m, also introduced a management system of allocating tasks to its professional staff.

Conran Roche decided to involve its professionals in managing the company because they understood its needs better than anyone else.

Advice for late starters to 1992

FEW COMPANIES will have missed the mass of information which has come from the Government and private consultants on the subject of 1992.

But for those business owners who are making a late start in responding to the challenge of the single European market or who want a concise overview of the progress towards European harmonisation...

Somehow artificially the book offers two strategies for Europe - one defensive, the other offensive.

The defensive plan starts with a preliminary investigation of the free material available on the subject of 1992. This should be distributed and read within the company.

The offensive strategy starts with an analysis of the company's objectives, an audit of its products, markets, personnel and finances and then moves on to a study of the potential of the new markets which should open up.

The company should then move on to study a copy of the 300 proposals contained in the 1985 White Paper 'Completing the Internal Market'.

Reached with organisations such as the Department of Trade and Industry, trade associations and the British Standards Institute.

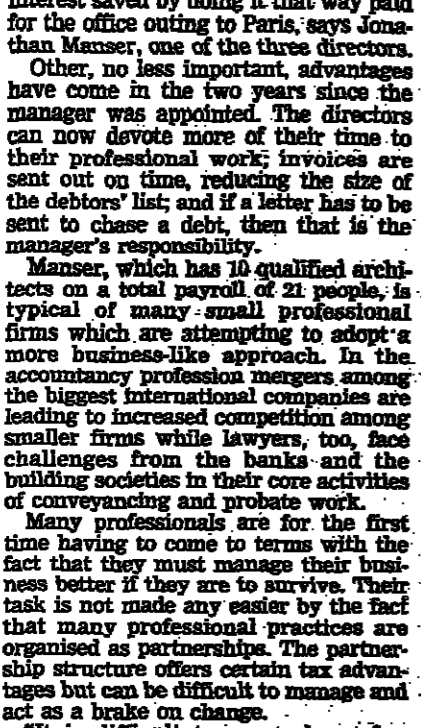
The company's action committee must then decide which proposals will affect the company and ask the relevant department heads how they think the company should respond and what this response will cost.

The fifth Women in Business Exhibition will be held at the Novotel, London W6, on November 10 and 11.

A one-day Returners' Workshop will be held for women returning to work after a career break.

Other seminars will cover personal effectiveness, public speaking and starting a small business.

Contact Ann Leeflang on 01-688 3966.



David Alvis: leap in size by buying a nearby firm of accountants

accountant, set up on his own six years ago in Hampton, west London, and built Alvis & Company up to a point where he had 190 clients and a viable business.

But organic growth is a slow and painful way to grow, says Alvis, and he recently bought the 60-strong client list of another small accountancy firm in nearby Chiswick.

It is usually at a later stage than this, however, that the real problems of managing growth arise.

Changes in the profession mean solicitors need to know more about marketing and finance and not just how to manage an office.

For the new professional firm the initial problem lies in finding clients. But even in the early stages the problems of managing growth arise, David Alvis, an



David Alvis: leap in size by buying a nearby firm of accountants

Without the businessman's vision of where the firm should be going.

The firm needs to decide how to manage further growth and which areas of legal work it should expand into, says Magrath.

At the same time as planning for the future, Powell Magrath must manage its present operations more effectively.

These problems require a two-pronged approach according to Magrath. Specialists must be employed in fields such as marketing while at the same time the professional partners must assume responsibility for particular areas of the business.

temptation to concentrate on their pro-

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Our client, a major plc, seeks to expand its interest in WASTE MANAGEMENT through acquisition or joint venture.

Consideration will be given to any company involved in Landfill, Collection Treatment, Disposal or Waste Management generally within the U.K.
Funds are immediately available for such an acquisition or venture. Interested parties should contact Michael Corden Associates for a confidential preliminary discussion.

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Rotherham S60 2UE
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• If you have ever contemplated selling or becoming part of a larger organisation
Then for further information and a copy of our company link newsletter or corporate brochure please contact Mark Punn ACA on 0626 656733
CFL

BUSINESSES FOR SALE

FOR SALE THE BUSINESS AND ASSETS OF The London Iron and Steel Company Ltd (In Receivership)

The company is part of the Tudor Grange group of companies. It is a leading processor of ferrous scrap metal in the London area. It operates from 3 sites: Victoria Deep Water Terminal, Greenwich; Dowell's Wharf, Deptford; Carpenter's Road, Stratford. Additional sites are available if required.

- Turnover 1988 - £25 million
- 90% of turnover is exported to established customer base
- Deep water moorings
- 2000 HP Lindemann Kondiator capable of fragmenting 5000 tonnes of heavy grade scrap per week
- Harris 2205 (5' throat) high capacity heavy duty shear
- Other plant includes second fragmentiser, mobile heavy lift cranes and apres, static cranes and balers
- Stock

For further information, contact the joint administrative receiver: Mr A R Houghton.
Touche Ross
55/57 High Holborn, London WC1V 6DX
Tel: 01-465 8799 Fax: 01-461 3628. Telex: 56128 TRO UK
Incorporated in England. Registered in the Institute of Chartered Accountants in England and Wales.

Business For Sale Long-established International Transporters
SPECIALISTS IN SOUTHERN FRANCE
The owners of one of the well-known London-based removal, storage and general haulage companies operating scheduled international services invite enquiries. Outright sale or merger basis envisaged. Present management available on agreed transition terms.
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FOR SALE
North West based group of scaffolding companies with turnover in excess of £1 million. The group has an excellent reputation within the industry and a very broad customer base. Profits before tax and directors' remuneration/pension contributions are in excess of £380,000.
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Arthur Andersen & Co.,
P.O. Box 55,
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London WC2R 2NT.
Telephone: 01-836-1200
Facsimile: 01-438-3771
Telex: 8812711.
ARTHUR ANDERSEN & CO

West One Home and Car Supplies Limited
In Receivership
The business and assets of the above company are available for sale as a going concern. The company trades from leasehold premises in Bristol and Liverpool and is a retailer of motor parts, accessories and DIY products.
• Current annualised turnover approximately £1 million
• Leasehold trading premises in Bristol and Liverpool
• Leasehold site in Derby (currently not trading)
• 28 employees
All enquiries should be addressed urgently to the Joint Administrative Receiver:—
R W Birchall FCA
Cork Gully
66 Queen Square
Bristol
BS1 4JP
Telephone: (0272) 277165
Fax: (0272) 307008
C&L Cork Gully
Cork Gully is authorised in the name of Cooper & Lybrand by the Institute of Chartered Accountants in England and Wales to carry on investment business.

By Order of the Joint Administrators
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For further information please write to:—
Mr Malcolm Roxburgh, Commercial and Planning Executive, The Scottish Transport Group, Carron House, 114/116 George Street, Edinburgh EH2 4LX
The contents of this advertisement, for which the Scottish Transport Group is solely responsible, have been approved for the purposes of Section 57 of the Financial Services Act 1986 by Deloitte Haskins & Sells as a firm authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.
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Cripps Harries Hall, Solicitors
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Tunbridge Wells
Kent TN1 2UP
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• Privately owned.
• Record of increasing profits with growth potential.
• Current profits in excess of £300,000
Alan Morris Consultants
Tel: 0923 855451

BUSINESSES FOR SALE

PET FOOD BUSINESS FOR SALE

Established pet food business based in the South West. Turnover approx £1.5M per annum from sale of dried animal foods and manufacture of own meat products. Good potential to expand business.

Enquiries: Mr A F Gosden, KPMG Peat Marwick McLintock, Dukes Keep, Marsh Lane, Southampton SO1 1EX. Phone: 0703 631465 Fax: 0703 223547

A salmon aquaculture operation is for sale at a price to be negotiated in excess of £30m, in south western New Brunswick, Canada, on the Bay of Fundy. The operation currently produces 240 tons of fresh salmon annually, with an ultimate projected capacity of 420 tons.

ELECTRICAL AND ELECTRONICS COMPANY FOR SALE. A small but well established, reputable and profitable private limited company acting as 'specialist' distributor of electrical and electronic products for industrial applications.

JOINERY MANUFACTURING COMPANY. Located in very pleasant East Midlands market town with anticipated T/O this year in region of £500K. Modern offices, well appointed works on new lease. Modern machinery with extraction, skilled workforce, six commercial vehicles.

EXCITING OPPORTUNITY SALE/MERGER WEST GERMANY. Ladies garment manufacturer T/O DM 14 MILLION 50 yrs experience in the mkt. Export share - 40% pricing med-high suits. Boutique/better class stores. Well known Brand in Europe.

FOR SALE. Electro-mechanical and electronic coin-operated timer manufacturing company. Suppliers to the T.V. and leisure industry. Reason for sale, owner retiring, could be interested in joining group company or similar. No agents please. Only principals need reply.

PRIVATE COMPANY/BUSINESS FOR SALE. Machinery Merchants, agents and manufacturers with £1m. Freehold modern factory/warehouse/office premises situated East Midlands. Profits this year should net £300,000 before tax. Owner wishes to retire but willing to merge gradual handover. Price £2.5m + not current assets. Principals only.

Established Restaurant/Conference Centre. South East location - excellent communications. Planning application made for 40 bedroom hotel extension. Freehold for Sale. S.A.V. Box No F9125. Financial Times, Southwark Bridge, London SE1 9HL.

PRECISION TOOLMAKING COMPANY FOR SALE. T/O 400k, stable workforce location Midlands. Valuable site & plant. Owner retiring. Contact Mr Peter Oakley FCA, Wright & Co., 14 Forgate St, Worcester WR1 1DB. Tel: 0905-25467, Fax: 0905-25069.

LAMINATING PLANT. We wish to dispose of a unique laminating plant suitable for laminating hard and soft closed cell foams such as neoprenes, natural rubber, nitrile etc which can be adapted for various cloth laminates and other processes.

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MOTOR CARS. Are you looking for a used high profile motor car? Check the selection in the WEEKEND FT EVERY SATURDAY.

MORTGAGE AND FINANCIAL SERVICES. Business for sale. Proven/established offices with 100 active clients. T/O in excess of £140,000. Lower, East Sussex. Price £100,000. Contact: David Commercial (0278) 47022.

Offer for Sale

Well established, profitable, National Shopping and Building Company, with potential for further expansion. Based in the N.W. of England with a blue chip customer base. Principal shareholder currently seeking offers in the region of £2 million.

For further details, write to Box 123101, Financial Times, One Southwark Bridge, London SE1 9HL.

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FOR SALE LEISURE BUSINESS. Long established, retail mail order and some distribution. Turnover £1.1m. Profitable. Good cash flow. South Coast stock purchasing office served worldwide. Price for assets £750,000.

ENGINEERING COMPANY IN CHANNEL ISLANDS. Well established sheet metal engineering company with own product is to be sold by its U.K. parent group. T/O £300K. Profit £20K. Substantial tax losses.

FOR SALE. Small northern machinery installation and engineering company with annual turnover £150,000. Established 12 years with regular repeat business. Very profitable.

PRINT SHOP For Sale. NW London High Street. Turnover £220K. Well established. Regular clientele. Modern Equip High Profit. Price £120K. Principals only write. Box 15916, Financial Times, One Southwark Bridge, London SE1 9HL.

FOR SALE. Small, Essex based, domestic cleaning company. Easily run from home. Genuine enquiries only. Write Box H5110, Financial Times, One Southwark Bridge, LONDON, SE1 9HL.

READY-MADE COMPANY FOR SALE. HUSH YUPPIES LIMITED. Not traded previously. Offers in the region of £2,000. Please write to Box H5082, Financial Times, One Southwark Bridge, LONDON, SE1 9HL.

LOOKING TO BUY A QUOTED PLC? for growth, asset stripping or break-up purposes? New sophisticated targeting system now available. Contact: Guyon & Co. (0753) 883 2222.

PRINTERS. Turnover £300,000 p.a. - Due to ill health of proprietor the assets and goodwill of this profitable business situated in N.W. London are offered for sale. Principals only write Box F5109, Financial Times, One Southwark Bridge, London SE1 9HL.

ESTABLISHED LONDON BUILDING CONTRACTOR (1965). Controlling shareholder wishes to retire and sell. About £200,000. Central London office, experienced staff, effective tender list £3m approx. W & P. Excellent reputation.

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BUSINESSES WANTED

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For further details, please contact: MIKE MORRELL GmbH, Mühlstrasse 4, D8918 Dissen am Ammersee, West Germany. Tel: 010-49-8807 8002. Fax: 010-49-8807 8579.

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WANTED. Trading company in food sector, subsidiary of Blue Chip Plc, seeks manufacturing Companies as well as UK or European Agencies, to expand business.

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QUOTED PLC. Interested in acquiring travel agency with circa £3-4m turnover. Must have IATA and ABTA licences. Preferred location London or Manchester.

INTERNATIONAL FINANCIAL GROUP. Interested in acquiring majority equity position in portfolio management company. Reply in confidence to our Australian office fax number: 6175 387 142.

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LEGAL NOTICES. Notice to Creditors to send in particulars of debts or claims. Company Number: 1310502 S W FARMER GROUP PLC.

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STARNET, Polytechnic South West, The Hoe Centre, Nott Street, Plymouth, Devon PL1 2AR. Tel: 0752 233639. Fax: 0752 233638.

BUSINESSES FOR SALE

BUSINESS FOR SALE

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- Turnover £2.2 million
Blue Chip Customers
Substantial Order Book
Modern Leaschold Premises

For further information please contact: The Joint Administrative Receivers, D. H. Gilbert or M. Moses, Levy Gee and Partners, 100 Chalk Farm Road, London NW1 8EE. Tel: 01-267 4477 Fax: 01-267 1028. Ref: L550.

LEVY GEE

C. F. Marshall & Son Ltd. (In Receivership)

Offers are invited for the business and assets of this company which operates in the importing, packaging and sales of hygiene, personal care and gift products. The company trades under the established name 'Marshall James' from leasehold premises in Welwyn Garden City, Herts. The company has a good customer base.

For further details please contact: Jonathan J. Schapira or David A. Smith, Pannell Kerr Forster New Garden House 78 Hatton Garden London EC1N 6JA Telephone 01 631 7383 Ext: 2184 Telex: 295928 Fax: 01 405 6738.

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EDWARD SYMONS & PARTNERS

COMPANY NOTICES

GENERAL MOTORS CORPORATION

NOTICE IS HEREBY GIVEN that resulting from the corporation's declaration of a dividend of \$0.75 (gross) per share of the common stock of the corporation payable on the 8th September 1989 there will become due in respect of the bearer depositary receipts a gross distribution of 3.75 cents per unit. The depositary will give further notice of the sterling equivalent of the net distribution per unit payable on and after the 15th September 1989.

Barclays Bank PLC Stock Exchange Services Department 54 Lombard Street London EC3P 3AH

LEGAL NOTICES

Notice to Creditors to send in particulars of debts or claims. Company Number: 1310502 S W FARMER GROUP PLC. NOTICE is hereby given that the Creditors of the above-named Company are required to send in their names and addresses, with particulars of their Debts or Claims, and the names and addresses of their Solicitors (if any), to the undersigned Edward Symons & Partners, 78 Hatton Garden, London EC1N 6JA, on or before the 10th day of October 1989 to enable them to prepare the final list of Creditors.

BAYER AKTIENGESELLSCHAFT. United Kingdom shareholders are advised that copies of the Half-Year Report for the period ended 31st August, 1989 are now available from: S.G. Warburg & Co. Ltd., 41 Tower Hill, London EC3N 4HA. Hambros Bank Limited, 25 Abchurch Lane, London EC4N 3DF. HSBC Bank Limited, 45 Beach Street, London EC2P 2LX. Kleinwort Benson Limited, The Leazes, Spent, Newbury.

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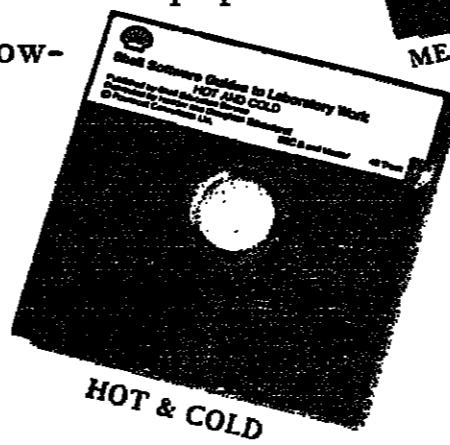
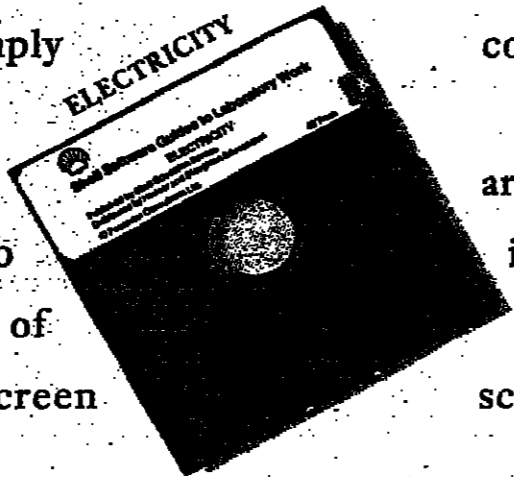
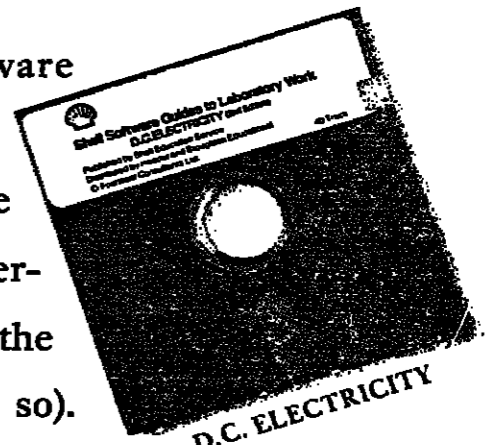
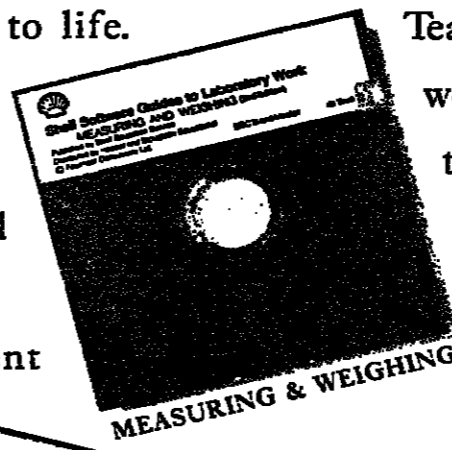
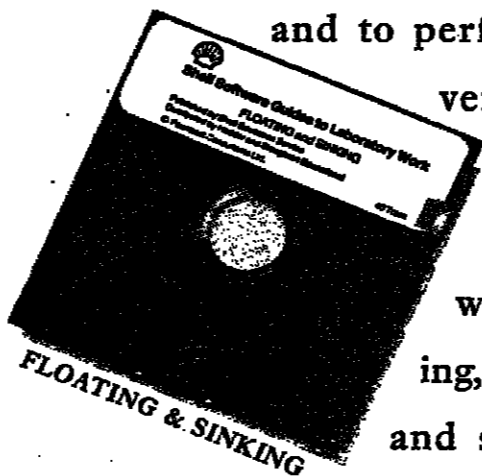
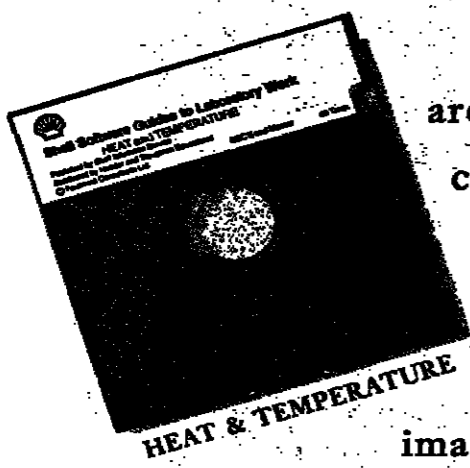
And these tools are safe and always in working order).

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YOU CAN BE SURE OF SHELL



The UK in a cul de sac

IS ALBION being perfidious or simply too clever by half? Though ingenious, the plans for currency competition advanced by the Chancellor for the Erchequer suffer from a simple drawback: they do not offer a path to what everyone else considers monetary union. Instead, they represent an alternative.

The time for such alternatives was the beginning of the year (or even earlier). The danger in putting them forward now is that Mr Lawson could lose the opportunity to forge an alliance with more formidable opponents of the Delors scheme, especially the Bundesbank, which may be driven into the arms of Mr Delors.

Last June in Madrid, the European Council restated its determination progressively to achieve economic and monetary union. There was disagreement over whether the Delors report provided the best blueprint for Emu: there was disagreement over the timing of stages subsequent to the first (which is to begin on July 1, 1990); there was disagreement over the timing of (and need for) an inter-governmental conference to lay down the subsequent stages; but there was agreement (however unwilling on Mrs Thatcher's part) on the ultimate goal.

Common sense

The common sense interpretation of economic and monetary union is a region with irrevocably fixed exchange rates and no exchange controls. Against this, the Chancellor now seems to suggest that the legal use, for all purposes, of any of the currencies of the European Community would itself make an Emu.

For cash transactions, the advantages of a currency that is used by one's fellow citizens outweigh a modest inflation differential. Moreover, most liquidity is held in interest-bearing form. In the absence of exchange controls, rates of interest will offset exchange rate differentials. If that condition is met, it is perfectly possible for currency competition to be combined with adjustable exchange rates, as in the present European Monetary System (EMS), or even freely float-

ing rates. In short, free competition in currencies may be an adjunct to Emu, but it is neither a sure path towards it, nor a substitute for it. Since increased competition among currencies will occur, in any case, as exchange controls are lifted, the British proposal looks like a diversion.

Timing The important battles to come (except over timing) will be about the scope of Emu, especially the place of fiscal policy, and the control of policy-making. The former issue can be resolved relatively easily, since it would be possible to have Emu without coercive central control over the fiscal policy of member countries.

The more difficult issue is who controls monetary policy. A monetary union could be created by freezing exchange rates after exchange controls have been liberalised. The essential feature of such an Emu would be the continued domination of the Bundesbank. From the point of view of preserving the value of European money, this would probably be the best solution. The system would be undemocratic, but no less so than the European System of Central Banks envisaged in the Delors report.

The more important objection would be the failure to dilute the influence of the Bundesbank to the extent desired by policy-makers in other member countries. The problem is that the price of transferring control to an EC-wide institution would almost certainly be worse money. Unfortunately, the UK is not in a position to make a sensible contribution to the debate. It can hardly come forth as an enthusiastic supporter of a system based on the present EMS, when it is not even a full participant. Meanwhile, the Chancellor's new ideas will be treated as an adjunct to Emu, at best. However much the UK may wriggle, the chief problem remains. The UK has already subscribed to the goal of Emu, which must at the very least include permanently fixed exchange rates. It is not a question of Albion's deceiving others; it looks as though Albion has deceived itself.

The flight to freedom

AMONG THE many dramatic events which have shaken the Soviet Union and Eastern Europe over the last two years, none has underlined more clearly the failure of the Communist system than the present exodus of thousands of East Germans via Hungary.

The United Nations Charter and the 1975 East-West Helsinki Agreement and its follow-up conferences, but was no longer in keeping with Hungary's own much more liberal policies.

Yet however much one applauds the humanitarian principles on which the Hungarian decision was based, it is clear that the resulting situation is full of potential dangers which could threaten the fabric of East-West relations. Once the flood-gates have been opened, it will be difficult to close them again. Many of the 60,000 East Germans now estimated to be on holiday in Hungary may want to join the exodus and thousands of others from the GDR and other East European countries will be tempted to follow the same route.

Economic drain

The GDR's economy is already feeling the effect of the drain of the thousands of skilled workers and young professional people who consider the country no longer offers them a sufficiently promising future. The remedy is not without risk for the GDR leadership. The implementation by the Government of the kind of reforms which will keep people from leaving is clearly an urgent matter. Yet the very *raison d'être* for an independent East German state is its communist system and ideology, without which it would lose the separate identity which distinguishes it from the Federal Republic.

As thousands of East Germany's citizens escape to the West, FT writers report on the country they are leaving

A SIGN over a shop near Leipzig station reads "Mäntel & Altwedel, Paris-New York". But the bolts of garish cloth in the window would be hard to sell even to East Germans. In front of Nikolai Church more than 100 spectators and many more policemen and security officials are waiting for the end of Mass. The church is thronged by citizens seeking to emigrate and by those - fewer in number - who want to remain in order to change East German society.

This country is falling apart but Honecker pretends he knows nothing," bellows one spectator. A nearby policeman does not bat an eyelid. The authorities no longer harass individuals for such remarks, though they crack down on organised protests. The young man, an apprentice train driver, continues to hurl abuse at the leadership; he says he will "beat it" as soon as he has his Facharbeiterbrief, the skilled worker certificate which would get him a job with the West German railway.

When the worshippers emerge from Nikolai Church, a crowd of several hundred chant "Wir wollen raus" (we want to leave). They hope to get their pictures on western television in order to be expelled to West Germany; the authorities have rejected their previous applications to emigrate. They ignore those who call back "we're staying here" and are trying against police opposition - to demonstrate for reforms.

A 21-year-old man visiting Leipzig from Gera in Thuringia watches the would-be emigrants from behind a police cordon. He says he would like to visit the West but is not sure if he wants to leave East Germany forever. His main concern is that he cannot clearly see what sort of work he will be doing 10 years on - a very German worry. "I can't even see ahead for the next two or three years" he says dejectedly.

Another young onlooker, a mechanical engineer, lives with his parents in Leipzig. His wife and their small child live with her parents in a village 12 kilometres away. "We only got a child in order to get a flat," he says, "but it's still very difficult."

Franz M., a teacher I have known for many years, has an old-fashioned German sense of duty. She and her husband, also a teacher, say they cannot emigrate and leave their young people in the lurch. Those who are leaving, she says, have "illusions" about the West. They do not want to work. Four teachers from her school have not returned from holidays in Hungary. She gets up at dawn to take on their teaching burden.

People leave not for political reasons, she says, but because of the "miserable" supply of meat and citrus fruits, the absence of many consumer goods and services which were more readily obtainable years ago. Doctors are fleeing because of poor pay and obsolete equipment.

Next day on a train I overhear a railwayman say he has been with the Deutsche Reichsbahn for 35 years but that the shoddy work being performed now defies description. Badly-done work is still humiliating to many East Germans; it is one of the reasons often cited for leaving.

As the train approaches Halle, the sky grows darker and the sun vanishes behind clouds of noxious gas. Halle, birthplace of Georg Friedrich Handel, is the centre of East Germany's chemicals industry. Soviet officers and their families stand on the station platform with huge boxes filled with consumer goods, waiting for their trains back home. "GDR khorothish" (East Germany is good) one officer tells me. "Good living conditions."

Buna and Leuna, built to make synthetic rubber and petrol during the First World War, are still the largest chemical complexes in the Halle area. Many young families have been drawn to Halle by offers of good pay and new housing. The price is having to breathe some of the most

high and quality is nothing special; none the less about 47,000 workers produce 90m pairs of shoes a year, which compares reasonably with the 70m produced by 33,000 workers in West Germany.

Mr Jürgen Pöck, one of Mr Leuch's deputies, claims that plants within the Kombinat work with realistic prices and make profits and losses. He says most workers in the Kombinat now get about 20 per cent of their pay from productivity bonuses. The effectiveness of this is limited, however, by the lack of things for workers to buy. And according to western businessmen, the Shoe Kombinat has only one computer numerically controlled (CNC) machine; the second will not be delivered until 1994.

Most of the old men running the country have no desire for change because they believe they have reached a sort of socialist paradise. Compared with the working class districts of depression Germany, where many of them grew up, they have done well: everyone has work, housing and food are cheap, health care is free, children are well cared for. Mr Erich Honecker, the ailing East German leader, is said to care deeply about only one economic matter - keeping rents to about 80 pfennigs a square metre, about one-tenth of the price in West Germany.

In the short-term the reformers hope for an increase in foreign borrowing, a streamlining of the multi-layered trade bureaucracy, and a relaxation in the opposition to joint ventures. (Officially only partnerships or production-under-licence agreements exist, such as the successful deal with Salomander sports shoes or the less successful attempt to make Volkswagen engines).

In the long term the best hope may be for an external shock delivered by the Soviet Union, through its domination of East Germany's foreign trade - for example, a demand for much more payment in hard currency.

But the pessimists maintain that the real obstacle to full-scale economic reform is the ability of the system to limp on, avoiding the sort of crises experienced over the border in Poland.

David Goodhart

Leslie Collit

Exodus from the old socialists' paradise

The economy's structural weaknesses. At the beginning of the decade, when it should have been re-equipping, the Government harshly rationed hard currency for western capital goods.

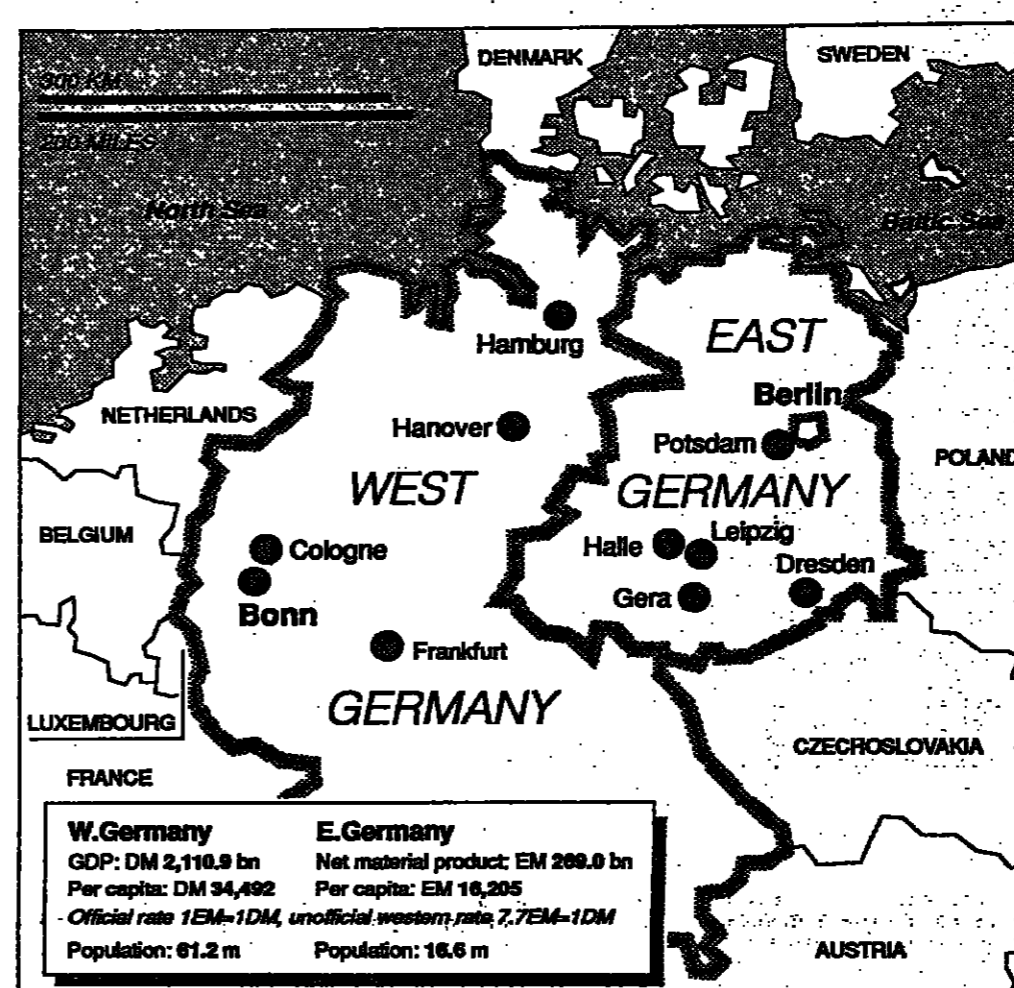
A little earlier, the authorities had replaced the ineffective industrial branch associations with Kombinate. These giant work units, integrated monopolies, organised under a single management, are usually able to ensure more efficient supply lines.

But the Kombinate have also created their own problems, especially in the consumer goods sector, by wiping out lots of smaller plants and service industries or handing them over to a private sector which prefers to work for hard currency.

The immediate future looks bleak: Labour shortages. These are worsened by the recent outflow of skilled people. More than 100,000 guest workers from Vietnam and Africa have been sucked in, creating social tensions in some parts of the country.

Energy. The fall in the oil price has reduced the value of sales from East Germany's export-oriented refineries, and thus hard currency income. Earlier, the oil price rise led to a cut in the Soviet supply of crude oil and thus heavier use of the polluting brown coal (lignite), now running out.

Export quality. This is the subject of growing complaints not just from West German businessmen (who buy about half the 30 per cent of exports that goes to the West) but increasingly also from the Soviet Union (which accounts for about half the 70 per cent of exports that go east).



the Institute of Economic Research in West Berlin. East Germany's relatively high educational standards are one reason for the economy's durability. They have also helped to create a well-informed cynicism about the system's more obvious absurdities, fostered by access to an alternative version of events from West German television.

The economy is not without its bright spots, however. The chemical industry has some plant going back to pre-war days but also some relatively modern and efficient segments; the shipbuilding industry is, according to one West German competitor, quite strong; as are parts of the textile machinery, printing machinery and optics industries.

The furniture industry can also compete with western

technical and design standards; East Germany is a big supplier to retailers like Sweden's Ikea and Britain's MFI. But most other consumer goods are either erratically available, or of poor quality, or both, like the splintering Wartburg or Trabant cars.

The Shoe Kombinat, run by Mr Jochen Lezoch, is one relatively efficient consumer goods manufacturer. Shoe prices are

does M&As," he said yesterday, "whereas I like to think that I just try to look after clients."

The move to London was finally suggested at the end of July. The London weather was refreshingly good. Holland Park also seemed more civilised than their street in New York, which had social problems. Freeman's wife, a pure New Yorker, fell for the place at once.

Freeman's mother is French, and she speaks the language fluently. He will spend about half his time in London and the rest travelling. "At 50," he says, "you either move up or move out." Freeman has moved up. Charles McVeigh, the chairman, will continue to concentrate mainly on UK matters.

Finances of Henry V

Shakespeare's Henry V is not Batman; it is a relatively low budget movie (\$4.5m), and there will be no T-shirts to go with it. "We thought about that," said Stephen Evans, the stockbroker who helped raise the money for the production, "but decided it would only bring in another \$50,000-£100,000."

Yet in a lot of other respects it is seeking to play in the Batman league. V because he has several shots at writing music for Shakespeare plays over the years. He was offered a friend of Kenneth Branagh, the producer and the man who plays the King.

Almost everyone else involved thought that he would fail, and there were high standards to follow: the music for the previous movie of Henry V, starring Laurence Olivier, was composed by Sir William Walton. Doyle's effort, however, was acclaimed by Simon Rattle, no less, who has conducted it with his City of Birmingham Symphony Orchestra.

OBSERVER

of being an ordinary stockbroker, but still keeps corporate clients to be on the safe side. Branagh played Guy Fringie in the television series Fortunes of War and Jimmy Porter in the recent revival of Look Back in Anger and is now married to Emma Thompson. He was suspicious of Evans at first, as a stockbroker. Once the money was raised - mainly through Evans getting underwriting from old friends in the City at a minimum of £100,000 - the relationship flourished. "Branagh would be a better businessman than I am, if he ever went into it," says Evans.

Henry V won its first prize at the Brighton Film Festival last weekend. If it is a commercial success, an intelligent guess might be that Hamlet will follow.

Not just late

A notable absentee from the Social and Liberal Democrats' conference in Brighton this week is Shirley Williams. Although she no longer holds an official post in the party, she remains one of its most valuable assets.

Salomon star

Such are the effects of jet lag that Ronald M Freeman, the new man at Salomon Brothers International, announced: "I only arrive yesterday," and repeated it three

times before getting it right. Freeman was at his desk as the newly-appointed Head of European Investment Banking at Salomon's London office on Monday morning, and the post has been clearly upgraded. Not only is Freeman a senior partner; he must also be very expensive.

He says that he was actually hired for the job in December 1972 when he was working for McKinsey in Paris. He was invited to New York for three weeks to learn the ropes, but then stayed and stayed. Those were the days of high oil prices and large scale investments of oil money; they were also the days before leveraged buy-outs. Freeman created the project financing group, and went on to found and lead the energy group. He has worked with all seven sisters in the oil industry in his time.

Out of favour

Travelers on a British Airways flight from Nairobi to London last week asked the cabin crew for complaints forms to register a variety of grievances. The world's favourite airline had run out.

Real Rio

Brazil is fond of Brazilianising English words. *Leuchke*, for example, is a snack - eaten, of course, in a *lancheonete*. If you want to go dancing but are not a member of an expensive club, you go to a *forô* - a dance hall open "for all". But it takes a while to spot the origin of the all-purpose pill universally used to cure the symptoms of the morning after the night before. It is called *engou*.

Musical porn

From the staff magazine of a Leeds company: "But no matter what part of the world I am in, if I feel depressed I take out my cassette player and listen to the immortal strains of Beethoven's Fifth." Not to be confused with his Erotica.

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LETTERS

No tidy solution to the problem of compensation

From Mr T.J. Palmer. Sir, I was concerned to read your leader (August 25) on compensation for investors...

ferent category from other investments covered by the SIB compensation scheme...

claim against two separate schemes. To bring life companies within the SIB scheme would also limit the protection available to policyholders and beneficiaries...

fall principally on policyholders' funds. In the case of mutual life insurance companies, there is no other possibility. The Policyholders' Protection Act is just one of the reasons why life insurance, in addition to providing protection, is a safer vehicle than many others...

'The fault lies in CGT itself'

From Sir Nicholas Goodison. Sir, Your correspondents, Mr R.E. Harris and Mr R.A. Lucas (Letters, September 5), make a good point. It is indeed objectionable that taxable investors in a cash takeover are subjected unwillingly to capital gains tax (CGT)...



Numbers of numbers needed

From Mr John Hunter. Sir, Hugo Dixon warns (September 4) that "the nation's stationery would have to be reprinted, vans would need new liveries and address books would need updating" if the Orton proposal to add an extra digit in front of all dialling codes is accepted...

was the real breakthrough. 100 years on, uniqueness of the numbers still relies on the switchboard operator. The new type of telephone, able to carry voice and data, cannot be used by most businesses because their switchboards cannot handle data calls, which must be dialled direct...

PEP is personal

From Mr Philip Chappell. Sir, Very reasonably, Mr White (Letters, September 5) asks why he cannot run his own personal equity plan (PEP). The answer is simple: PEPs can be operated only by plan managers, and the Treasury has decreed that plan managers must be persons authorised under the Financial Services Act...

Managing management

From Mr Gordon Rawlins. Sir, On behalf of the 15,000 managers in membership of this institution, I must comment on the teaching of management (September 1). Although the MBA level is important in its own right for the minority, it is at least equally necessary to provide relevant training for the majority - the many hundreds of thousands of managers with no aspirations to master's degree level, and the 50,000 people who, each year, enter management for the first time...

Help for Poland

From Mr Ira L. Straus. Sir, Thank you for your extraordinary editorial on Poland (August 31). It was magisterial in establishing the criteria for evaluating Western policy choices: that this is the historic challenge which will determine whether other countries will want to follow Poland's course, or whether all hopes for a peaceful transition out of communism will be dashed - and brilliant in its policy suggestions...

The prize in this race is a poisoned chalice

From Mr Jonathan Hoffman. Sir, Your leader (September 8) rightly argues that dirigiste attempts to remove market imperfections in the European fiscal sphere will only make matters worse. When considering the appropriate route to a common currency, choosing the right way to deal with the shortcomings of the market is also important...

Help for Poland

spent will be spent well, it would be hard to improve on your suggestion of drawing Poland into the European Free Trade Association (EFTA) and the Organisation of Economic Co-operation and Development (OECD), and giving the EC a main partner role alongside the International Monetary Fund. The mediating and confidence-building roles of the western international institutions are needed to make a "soft landing" possible...

FOREIGN AFFAIRS

Redefinition of America's vital interest

Edward Mortimer analyses the rhetoric and the reality of the civil war in Lebanon

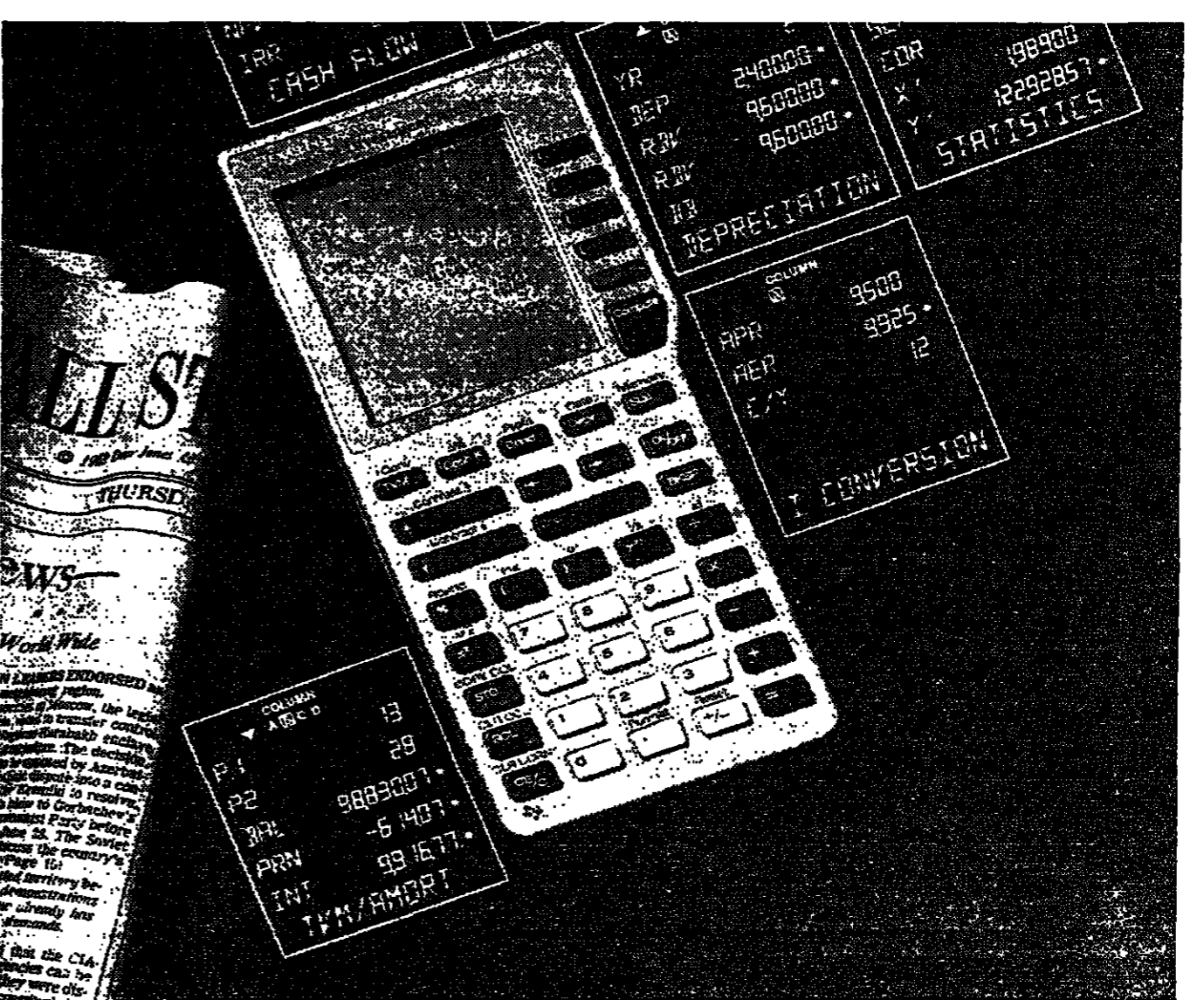
Did anyone believe Ronald Reagan in 1983 when he said the "vital interests" of America and the West were at stake in Lebanon? Did he believe it himself? If so, he changed his mind soon afterwards when he pulled out the Marines, leaving his protégé, President Amin Gemayel, to capitulate to the Syrians by tearing up the Israeli-Lebanese agreement which Secretary of State George Shultz had so painstakingly negotiated...

take sides by accrediting his new ambassador to his government, and it was clearly uncomfortable with the fact that the ambassador, for security reasons, had to confine his presence and therefore his political contacts to the Christian side of the line - especially as America's only real remaining interest in Lebanon is the fate of the US hostages, who are on the Moslem side...

Alliances in Lebanon are infinitely variable, but certain Arab antagonisms are a constant

scarcely credible that the US could have taken this as a serious threat. No doubt in this case, as in the withdrawal from Kabul at the beginning of the year, security grounds were used as a pretext for a decision which was in fact political. In Kabul, the US was deliberately breaking all contact with a regime which it hoped and believed was about to be swept away. General Aoun might perhaps take heart from the fact that eight months later that regime is still in place and holding its own. Certainly he shows no sign of losing heart...

also had talks with the heads of state of the three countries participating in the Arab League's mediation effort in Lebanon - Algeria, Morocco and Saudi Arabia. A month ago, these countries abandoned the effort, citing Syrian obstinacy as one of the main reasons for the deadlock. Now they are about to have another try, on terms which reportedly exclude any reference to the withdrawal of Syrian troops. It looks as though Mr Assad will get his way, and that the only hope for a durable ceasefire, let alone a solution, is for the Christians to accept that a political agreement between Lebanese parties has to come before a Syrian withdrawal, not the other way round...



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MINERS FEAR MOSCOW WILL BREAK PROMISES

Soviet strikers may form independent union

By Quentin Peel in Moscow

LEADERS of the July miners' strike in the Soviet Union met in Moscow yesterday to form a National Union of Strikers Committees - the most serious move yet towards the development of a genuine independent union movement.

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Toshiba holds back exports of computer

By Ian Rodger in Tokyo

TOSHIBA, the Japanese electrical group which was at the centre of an emotional trade row with the US two years ago, says it is holding back exports of its new laptop personal computer, Dynabook, for fear of sparking off new trade frictions.

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Companies identified in Italian bank scandal

By Alan Friedman in Milan

Investigators in Rome have identified more than 20 British, US and Italian companies which they believe were involved in trade with Iraq in the run-up to the Gulf war.

US targets S Korea for praise over trade

By Maggie Ford in Seoul

MR Robert Mosbacher, the US Commerce Secretary, yesterday applauded South Korea's performance in opening its markets and said the two countries shared similar views and were working together as trading partners.

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Mosbacher: applause

Norwegian election heads for stalemate

By Robert Taylor in Oslo

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Ferranti stock market surprise

Continued from Page 1

bombs and security systems in the Middle East. ISC refused to comment on yesterday's announcement from Ferranti that material problems at the Pennsylvania-based subsidiary had prompted a review of its 1988-89 accounts.

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Cheaper Jaguar XJ6 for US

Continued from Page 1

Jaguar's profits have been hit by a series of factors. The biggest impact has come from exchange rates, however. The company's 1989 dollar revenues are hedged at \$1.70-£1.00 compared with \$1.55 last year, which automatically reduces the company's pre-tax profits by around £45m.

Bitter dispute over E German exodus

Continued from Page 1

fresh from East Berlin, said yesterday that they expected the authorities would divert trains bound for Bulgaria via the Soviet Union rather than allow them to pass through Hungary for fear of even a bigger exodus of the country's younger generation.

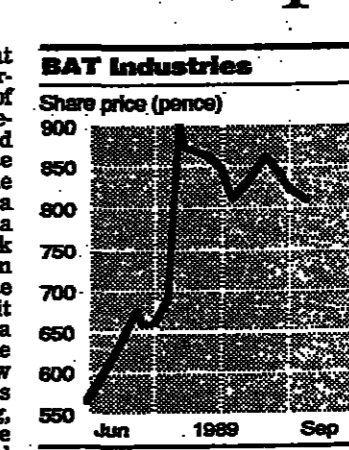
Briefly...

Ferranti International Controls Corporation of Houston, Texas has introduced a new integration and development control system to increase the efficiency of its software updating on the Ranger Energy Management System.

THE LEX COLUMN

Ferranti's signal catastrophe

Any lingering suspicion that Ferranti's recent dismal performance has been more a case of bad luck than bad management will have been squashed by yesterday's precipitate action.



The old first come, first served system is perhaps too polite for these thrusting Thatcherite times. But if the queue works, then the regulator will have inched a little closer to their ideal - an "orderly market".

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BAT/Hoylake

It would all be so much easier if the Takeover Panel had dealt before with anything like Hoylake's travails with the US insurance regulators.

New Issues

The British love queuing so it ought to be no surprise that the City's new issue queue is back after a brief six month hiatus.

Cellular phones

The muted reaction of the British Telecom and Racal Telecom share prices to the sight of another massive bid in the US cellular phone industry had more to do with uncertainties about valuing the complex deal than anything else.

ADVERTISEMENT

NEWS REVIEW

BUSINESS

Graphic links with Plessey

Plessey Radar has placed an order with Ferranti Computer Systems Manufacturing and Engineering Division for the supply of graphics generators for the new National Air Traffic Service Operational Display Equipment (NODE) system at Manchester, London and airport on behalf of NATS.

Friend or Foe

Cardion Electronics of Long Island, New York has been awarded a contract to develop an Identification Friend or Foe (IFF) interface unit for the US Navy.

Briefly...

Ferranti International Controls Corporation of Houston, Texas has introduced a new integration and development control system to increase the efficiency of its software updating on the Ranger Energy Management System.

AIR TRAFFIC CONTROL

Schiphol Simulator

The National Dutch Civil Aviation Authority (NDCA) has enlarged its facilities for training air traffic controllers at Schiphol with the commissioning of a new ATC training simulator. The system has been designed and installed by Ferranti Computer Systems of Fleet, Hampshire.

ROYAL NAVY

Dolphin trainer

The Naval Division of Ferranti Instrumentation at Newport Pagnell has delivered a submarine auto-pilot maintenance trainer to HMS Dolphin, the Royal Navy's shore training base in Portsmouth.

FERRANTI INTERNATIONAL selling technology

WORLD WEATHER table with columns for location, temperature, and weather conditions.

Continued from Page 1... fresh from East Berlin, said yesterday that they expected the authorities would divert trains bound for Bulgaria via the Soviet Union rather than allow them to pass through Hungary for fear of even a bigger exodus of the country's younger generation.

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

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INCORPORATED
August 1989

GRANVILLE SPONSORED SECURITIES

High Low	Company	Price	Change	Div (\$)	Yield %	P/E
341	295 Am. Intl. Ind. Ordinary	340	0	10.3	3.0	9.2
38	28 Ambridge and Rhodes	31	0	-	-	-
47	25 BBS Design Group (USA)	43	0	2.1	4.0	10.3
210	149 Barton Group (SE)	197	0	6.3	2.2	19.1
125	105 Barton Group Co. Pref. (SE)	125	0	6.7	5.4	-
123	88 Bray Technologies	88	-1	5.9	6.7	7.8
110	105 Bremhill Corp. Pref.	105	0	11.0	10.6	-
104	100 Brewin's 8 1/2% New C.E.R.P.	104	0	-	-	-
305	285 CCL Group Ordinary	290	0	14.7	5.1	3.6
176	168 CCL Group 11% Conv. Pref.	171	0	14.7	8.6	-
220	140 Carro Pfc (SE)	220	0	7.6	3.5	12.9
110	109 Carls 7 1/2% Pref (SE)	110	0	16.3	9.4	-
7.5	3.125 Magent GP Non-Voting A Conv	3.75	+0.25	-	-	-
5	1.375 Magent GP Non-Voting B Conv	1.75	+0.25	-	-	-
130	119 Bth Group	128	0	8.0	6.3	7.3
145	98 Jackson Group (SE)	117	0	3.6	3.0	13.6
322	261 Multihouse NV (Amst/SE)	290	0	-	-	-
157	98 Robert Jenkins	157	+1	10.0	6.4	5.7
467	463 Scoville	465	0	18.7	4.0	12.4
292	270 Torday & Carlisle	292	0	9.3	3.2	10.2
117	100 Torday & Carlisle Conv Pref	109	0	10.7	9.8	-
122	92 Trevelin Holdings (USM)	108	0	2.7	2.6	11.3
134	116 Unisra Europe Conv Pref	134	0	9.3	6.9	-
395	355 Veterinary Drug Co. Ltd	385	0	22.0	5.7	9.4
370	327 W.S. Yates	332	-2	16.2	4.9	27.7

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Dec. 2441/2451 -16 Dec. 2726/2738 -9
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U.S. \$400,000,000
Hydro-Québec
Undated
Floating Rate Notes, Series GL
Unconditionally guaranteed as to payment of principal and interest by
Province de Québec
Interest Rate **9 1/8% per annum**
Interest Period 11th September 1989
12th March 1990
Interest Amount per U.S.\$10,000 Note due 12th March 1990 **U.S.\$458.16**
Credit Suisse First Boston Limited
Agent Bank

U.S. \$75,000,000
Christiania Bank og Kreditkasse
Floating Rate Subordinated Notes Due 1994
Interest Rate **9.125% per annum**
Interest Period 11th September 1989
12th March 1990
Interest Amount per U.S. \$10,000 Note due 12th March 1990 **U.S. \$461.32**
Credit Suisse First Boston Limited
Agent Bank

U.S. \$25,000,000
Ssangyong (U.S.A.), Inc.
(Incorporated with limited liability in the State of New York, U.S.A.)
Guaranteed Floating Rate Notes due 1990
unconditionally and irrevocably guaranteed by
Ssangyong Corporation
(Incorporated with limited liability in the Republic of Korea)
and
Ssangyong Cement Industrial Co., Ltd.
(Incorporated with limited liability in the Republic of Korea)
For the six months 8th September, 1989 to 8th March, 1990 the Notes will carry an interest rate of 9.25% per annum with a coupon amount of U.S. \$23,253.47 per U.S. \$500,000 Note. The relevant Interest Payment Date will be 8th March, 1990.
Bankers Trust Company, London Agent Bank

U.S. \$100,000,000
GW
Great Western Financial Corporation
Floating Rate Notes Due 1995
Interest Rate **9 1/8% per annum**
Interest Period 11th September 1989
11th December 1989
Interest Amount per U.S. \$50,000 Note due 11th December 1989 **U.S. \$1,153.30**
Credit Suisse First Boston Limited
Agent Bank

NOTICE TO SHAREHOLDERS
GEOFUND CONVERTIBLE BONDS - SICAV
R.C. Luxembourg N° 21.603
LUXEMBOURG
The name of GEOFUND CONVERTIBLE BONDS was changed to
CE FUND INTERNATIONAL
by a resolution passed at the Extraordinary General Meeting of shareholders held on 18th August 1989 in the presence of Maître Edmond SCHROEDER, notary public residing at Mersch.
The share certificates will be stamped to record the change of name at the offices of the Registrar, Banque Paribas Luxembourg. This facility will be available from the date of publication of this notice until the 12th October 1989. From 12th October 1989, unstamped certificates will no longer be accepted for delivery on the Luxembourg Stock Exchange.
All subsequent notices to shareholders will bear the name CE Fund International.
As from 1st September 1989, the registered office of the Sicav will be 10A, Boulevard Royal, Luxembourg.

U.S. \$150,000,000
First Interstate Overseas N.V.
Guaranteed Floating Rate Subordinated Notes Due 1995
Guaranteed on a subordinated basis as to payment of principal and interest by
First Interstate Bancorp
Interest Rate **9 1/8% per annum**
Interest Period 11th September 1989
11th December 1989
Interest Amount per U.S. \$10,000 Note due 11th December 1989 **U.S. \$228.00**
Credit Suisse First Boston Limited
Agent Bank

PAN-HOLDING
SOCIETE ANONYME LUXEMBOURG
As of August 31, 1989, the unconsolidated net asset value was **USD 308,849,252.51** i.e. **USD 502.19** per share of **USD 100** par value. The consolidated net asset value per share amounted, as of August 31, 1989, to **USD 512.70**.

INTERNATIONAL COMPANIES AND FINANCE

Davy eyes European joint ventures

By Nick Garnett
DAVY CORPORATION, the UK engineering and project contracting company, is considering setting up a joint venture business with one of its European competitors.
The company has been in discussions with at least two continental European project engineering groups, but one of these has dropped out of the talks.
Davy, which made a pre-tax profit of \$28.5m on sales of \$928m in the year to March, designs and project manages the construction of plant for the metals, chemicals, offshore and general processing industries.
It also has a building company and several manufacturing businesses in steel plant and mechanical handling.
The discussions are believed to involve the placing of one of Davy's six divisions into a joint venture business with another European company.
It is thought likely that this



Roger Kingdon: has declined to reveal details of talks

will be either the metals or the process division, which includes Davy's chemicals plant operations.
The contracting industry believes Davy might be more interested in a joint venture company in the metals sector, which includes design and project work for steel plant and that it might be in talks with a West German company.
On their own, steel-related projects account for between \$300m and \$300m (\$465m) of Davy's turnover.
Mr Roger Kingdon, Davy's chief executive, declined to provide details of the discussions.
However, he said the rationale for such a joint venture business was to lower the cost base for design and selling of plant and, if possible, to find a partner with additional technological capability.
This would help it compete with large US and Japanese engineering construction

Salomon to launch Chilean fund this week

By Barbara Durr in Santiago
SHARES in the \$60m international investment fund for Chile, created by Salomon Brothers, will go on offer this week.
This is the first step toward the internationalisation of the Chilean stock market, said Mr Mario Lobo, a partner in the Santiago investment company Celsius, which is an associate of Salomon Brothers.
The Chile Fund, as it is known, which brings fresh capital to Chile, is the first and largest of its kind in country. Although two other international investment funds exist, they are based on monies from debt conversion.
Three other smaller funds for direct foreign investment in Chilean equities markets have also been authorised.
Citibank has just created two small funds of \$4m each

and Batterymarch, the Boston-based investment company, has also recently brought in \$15m under its Equity Fund for Latin America in Luxembourg.
A Salomon Brothers sales team will visit European and US cities, and of the \$m shares available, 1.4m will be offered in Europe and 2.6m in the US and Canada.
The fund, a closed-end, non-diversified investment company, intends to invest some 75 per cent of its funds in Chilean equity and debt securities in its first six months.
By law it is obliged to invest 80 per cent of its monies in equities by the end of three years. The other 20 per cent can be invested in unlisted securities.
Capital cannot be repatriated for five years. The fund will be managed by BEA Associates,

Pemex note sale raises \$237m

By Richard Johns in Mexico City
PETROLEOS Mexicanos (Pemex), the Mexican state oil company, has sold 600m pesos (\$237m) worth of promissory notes to ease the strain of the fiscal demands being made upon it by the Government.
Pemex acknowledged the issue of the notes last week, saying that the financing was needed to cover spending.
It is understood that Pemex has not benefited financially from higher oil prices and that all the increment over and above the price of \$10 per barrel conservatively projected in the 1989 budget has gone to the Ministry of Finance.
Pemex stressed that the placement of the Pagares - similar to the commercial paper issued by private sector companies - would not jeopardise its "sovereignty" nor

allow creditors to become co-owners of any of its assets.
At the same time there has been a lively response to the first auction by Nafinsa, the state development bank, of 10-year bonds known as Bondis, the latest instrument to be introduced this year to a money market long dominated by Certes, or 28-day Treasury bills.
The Bondis are said to have attracted particularly interest from mutual funds as well as from the two rival commercial banking groups, Banamex and Bancomer. The issue of a bond of such maturity is seen as reflecting the sudden revival of confidence in Mexico's future.
Hitherto, the longest term instrument available has been the Ajustabono which has a three year-term with principal

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Crossland Savings, FSB
U.S. \$100,000,000
Collateralized Floating Rate Notes, Series A due December 1997
For the three months 8th September, 1989 to 8th December, 1989 the Notes will carry an interest rate of 9 1/8% per annum with an interest amount of U.S. \$2,369.79 per U.S. \$100,000 nominal. The relevant interest payment date will be 8th December, 1989.
Listed on the Luxembourg Stock Exchange
Bankers Trust Company, London Agent Bank

The Chase Manhattan Corporation
U.S. \$400,000,000
Floating Rate Subordinated Notes due 2009
For the three months 8th September, 1989 to 8th December, 1989 the Notes will carry an interest rate of 9 1/8% per annum with a coupon amount of U.S. \$230.66 per U.S. \$100,000 Notes, payable on 8th December, 1989.
Bankers Trust Company, London Agent Bank

Bank of Greece
Athens, Greece
U.S. \$250,000,000
Floating Rate Notes due 1999
For the six months 8th September, 1989 to 8th March, 1990, the Notes will carry an interest rate of 9.25% per annum with a coupon amount of U.S. \$465.07 per U.S. \$100,000 Note, payable on 8th March, 1990.
Bankers Trust Company, London Agent Bank

Citizens Federal Savings and Loan Association
U.S. \$100,000,000
Collateralized Floating Rate Notes due 1996
For the six months 8th September, 1989 to 8th March, 1990, the Notes will carry an interest rate of 9.15% per annum and an interest amount of U.S. \$1,150.10 per U.S. \$25,000 Note.
Bankers Trust Company, London Agent Bank

INTERNATIONAL COMPANIES AND FINANCE

Interim profits at Daimler hit by weaker car sales

By Andrew Fisher in Frankfurt

DAIMLER-BENZ, the West German motor, electronics and aerospace group, yesterday announced a slight drop in first-half profits, mainly a result of continuing problems with car sales at home and abroad.

Group net profits slipped to DM830m from DM840m (\$424m), with domestic car sales damaged by continuing discussion over diesel models and the environment. Truck sales rose in Germany and the rest of Europe, but suffered from the economic problems of Brazil and Argentina.

Although some analysts had expected Daimler to give the terms of its planned rights issue, Mr Edgar Reuter, chief executive, said these would be issued "shortly".

In Germany, new registrations of Daimler cars fell 15 per cent to 129,500 units, harmed by the impact of planned taxation of price discounts on employees' car purchases. Car

production totalled 278,000 units, a drop of 5 per cent, and the group said total 1989 output would be about 540,000 against 560,000 in 1988.

Mr Reuter repeated his forecast that profits for the full year would be near the 1988 level of DM1.7bn, which was 4.5 per cent down on the previous year.

Turnover edged up from DM34.9bn to DM36.7bn in the half, with cars accounting for 45 per cent and trucks for 14 per cent.

Mr Reuter said the group was "by no means unreservedly satisfied" with current earnings, although Daimler, to be expanded through the addition of Messerschmitt-Bölkow-Blohm, still had "unusual profit strength". Further moves would be made to cut group costs.

He said the problem patch should not last too long. Daimler would stress the environmental and energy-saving qual-

ities of diesels, now accounting for 29 per cent of domestic car registrations against last year's 39 per cent.

Because of the forthcoming tax changes, car sales to employees at discount prices would not reach 1988's level of just over 90,000 units.

Apart from the US, where exports fell by 18 per cent, sales to other foreign markets, especially in Europe and Japan, developed well. Foreign car sales were marginally higher at 132,500 units.

Mr Reuter said the new SL roadster was turning out to be a success. This is the forerunner to the next generation of the executive S-class cars, to be launched in about a year. Present models face strong competition from BMW. Asked about BMW's success, he said: "We have a lot of respect for what has been achieved in Munich [BMW's base]. There is no reason, though, to slide into resignation."

Kugelfischer unveils DM140m rights issue

By Our Financial Staff

FAG KUGELFISCHER, the West German ball bearings manufacturer, plans to raise DM140m (\$70.7m) through a rights issue to finance its new investment programme.

The company is to issue 360,000 preferred shares with a par value of DM50, offering them to shareholders of record on a one-for-seven basis. The issue price will be DM250.

On Friday the company's preferred stock closed at DM330 on the Frankfurt Stock Exchange.

The new shares, to be introduced in early October, will be eligible for half of the 1989 dividend payout.

Kugelfischer said rising sales and earnings were clearing the way for a dividend increase, in which the new shares will participate correspondingly.

In 1988 the company paid DM5 on preferred and DM7 on common shares.

Group sales in the first seven months of this year rose 14.7 per cent to DM2.2bn from DM1.93bn. Last year group sales rose 9 per cent to DM3.5bn from DM3.2bn.

The company expects its earnings for the full year to increase at "a comparable" rate to the one recorded in the first half. It announced earlier this year that interim net income jumped 58 per cent in the parent company, to DM24.9m from DM15.7m.

Group income rose in "a satisfactory manner" in spite of start-up losses at joint ventures - Fatec Fahrzeugtechnik and Sammal Precision Industry in South Korea.

Kugelfischer said order backlog was enough to provide full capacity utilisation for 12 months at the parent company and for eight months in the group.

Earlier this year the group announced a six-year investment plan that will require the company to invest about DM2bn in the group through 1994.

Yesterday's announcement of a rights issue had been expected by analysts and is likely to reduce the company's net debt/equity ratio from 0.58:1 at the end of 1988 to about 0.5:1.

Family group regains SGS control

By William Dufforce in Geneva

SOCIETE GENERALE de Surveillance (SGS), the world's leading inspection services group, was returned to the control of founding family shareholders yesterday when Mrs Elisabeth Salina Amorini, a 34-year-old lawyer and granddaughter of one of the founders, was elected to chair a reconstituted and rejuvenated board.

At an extraordinary general meeting, shareholders voted for the appointment of four new directors proposed by the family group.

They were Mr John Craven, chief executive of Morgan Grenfell of London, Mr Guy Demole, senior partner of Pictet, the private Geneva bank, Mrs Katrin Langlois, a 35-year-old descendant of the founding families, and Mr Moritz Suter, managing director of Crossair, the Swiss regional airline.

Their appointment resolves the crisis which erupted last

July when Mr Philippe de Weck, the chairman, announced he and three other directors were resigning and that Mr Patrick Rich, the managing director, was leaving after only two-and-a-half years with the company.

Mr Claude Goldberg, a long-serving SGS insider who has the backing of family shareholders, took over as managing director on August 1.

According to Mrs Salina Amorini, SGS's boardroom dispute was prompted by Mr de Weck's failure to fulfil a 1987 agreement which would have allowed the family group to appoint two new directors and restore its majority on the board.

Mr de Weck said the departing directors believed family shareholders, who held less than 15 per cent of the total capital invested, "exaggerated" in demanding both the chairmanship and a majority of the

seats on the board. There could be conflict between "votes" and "capital," he warned.

The family group holds more than half the voting rights carried by the 145,000 registered shares. Its share of the 305,000 non-voting participation certificates is not known.

Mrs Salina Amorini stressed that the dispute had not been over the use of SGS's SF1bn (\$588m) cash kitty to finance acquisitions. Family shareholders favoured important acquisitions, provided they could be "inscribed within the logic of coherent and profitable commercial development" but they did not want the company to become a conglomerate.

Earlier this year the board unanimously rejected an ambitious proposal from Mr Rich and Mr de Weck involving it in a US insurance company.

Geneva bankers also say that Mr Rich failed to seize an

opportunity to take over Adia, the world's second largest temporary employment group, which has recently merged with Mr Werner Rey's Inspectorate International, one of SGS's smaller rivals.

However, Mrs Salina Amorini described Adia as "not within the sphere of SGS's future development" and dismissed the idea that the linked Adia-Inspectorate group posed any threat to SGS.

After Mr de Weck became chairman in 1980 SGS increased its turnover from SFr532m to SFr1.68bn last year, while net earnings climbed from SFr31m to SFr125m. The dividend rose from SFr55 a share in 1981 to SFr105 last year.

Mr Goldberg said yesterday that the group would realise "excellent" 1989 results if the trend of the first eight months continued through the rest of the year.

Amic buys Kolbenschmidt unit

KOLBENSCHMIDT, the West German car components manufacturer which is a unit of Metallgesellschaft, has sold its South African subsidiary to Anglo American Industrial Corp (Amic) of South Africa, Reuter reports.

Statements from Amic and Kolbenschmidt did not reveal how much Amic paid for the unit. Karl Schmidt (SA), Kolbenschmidt also said it had signed a long-term co-operation and licensing agreement with Amic for piston production in South Africa and neighbouring states.

The Bank of Spain has given the go-ahead for an options market in derivative financial products, to start in Madrid next month, Reuter reports.

The central bank said Om Iberica, a subsidiary of Sweden's Stockholms Optionsmarknad OM Fondkommission, would operate the market. Mercado Omib. Initially it will offer options on the state debt interest rate, progressing to options on stocks traded on the Spanish bourse.

The market, which will be

NEWS IN BRIEF

computerised, will be similar to the options markets of Stockholm, Helsinki, Paris and Oslo.

Euromobiliare, the Italian investment bank controlled by Midland Bank of the UK, has reported consolidated net profit of L1.6bn (\$1.1m), compared with a L1.5bn loss for the year ended June 30, Reuter reports.

The gross operating profit was L81.1bn against L15.5bn, with the parent company's net profit at L784m against a L14.8bn loss. The savings share dividend for the year will be L125, compared with no dividend a year earlier.

Compagnia Assicuratrice Unipol, a Bologna-based insurer, will offer 29 per cent of its ordinary shares on the Milan stock market before the end of the year, Reuter reports.

Unipol's shareholders approved the plan yesterday.

The shares will be priced between L15,000 and L35,000, but details of the operation are not finalised.

The company's preferred shares are already listed on the Milan bourse. West Germany's Volksfürsorge Deutsche Lebensversicherung, which owns 29.14 per cent of Unipol, will make available a 19.4 per cent stake for the offering.

The remaining 10 per cent will be provided by the insurer's controlling shareholders, a group of trade unions and agricultural co-operatives.

Sundstrand, the US defence and aerospace group, said Sulair, its wholly owned subsidiary, had agreed with the principal shareholder of Maco-Mendon to buy a majority interest in the France-based construction tool supplier, Reuter reports.

Sundstrand, through Sulair, holds 13.5 per cent of Maco-Mendon and plans to increase its ownership to at least 75 per cent. Sulair said the purchase was consistent with its strategy of expanding participation in world markets.

Orkem chief to join Total-CFP

By William Dawkins in Paris

MR Serge Tchuruk, president of Orkem, the recently revived French state-owned chemicals group, will join the board of Total-CFP, the government-controlled oil company, in the next few days.

An Industry Ministry official said yesterday the appointment was the first step in arranging the succession to Mr Francois-Xavier Ortolé, Total-CFP's president, who reaches retirement age next February.

It could also be part of a wider re-organisation of France's state-owned chemicals companies, under consideration for the past year by a Government worried its chemicals concerns lack sufficient size to compete against larger West German and British rivals.

This is the second change at the top of an important French state-controlled company within a week, following Renault's recent decision to reshuffle its senior management to ease the way for Mr Raymond Levy, its president, to retire in three years' time.

Total-CFP's board will nominate Mr Tchuruk, 51, at a meeting tomorrow and will call a general shareholders' meeting



Serge Tchuruk: reputation for tough management

two to three weeks' later to confirm him as the director representing the interests of the state, which holds 40 per cent of the oil group's voting rights.

Mr Tchuruk will continue to be president of Orkem for the time being, although Mr Ortolé specifically asked for his arrival to ensure a smooth changeover for his own presidential job.

The move throws open once again the future of Orkem, for-

merly known as CDF Chimie, as the chemicals offshoot of Charbonnages de France, the state coal group.

CDF Chimie was losing money heavily when Mr Tchuruk took over in late 1986. However, last year it turned in a FFr3bn profit, earning Mr Tchuruk a formidable reputation as a tough and decisive manager.

The Industry Ministry official said Mr Tchuruk's nomination "prejudges none of the adjustments which will soon be made to publicly owned companies in the chemicals sector."

One of the main possibilities being considered would be to make Orkem part of Total-CFP, to help the oil group diversify. Another would be to link it with Atochem, a subsidiary of Elf Aquitaine, the diversified state-controlled oil group, and Entreprise Minière et Chimique (EMC), another state chemicals business.

However, Mr Roger Fauroux, the Industry Minister, is understood to be awaiting suggestions from the companies' management before taking a decision, for which no firm timetable has been fixed.

Canfor drops pulp project in Alberta

By Robert Gibbens in Montreal

CANFOR, a big Vancouver-based forest products group, is pulling out of a long-term Alberta pulp project to concentrate its financial resources on expansion and environmental programmes in British Columbia.

It has hired Salomon Bros, the New York investment bankers, to sell three saw-mills and a plywood plant in Alberta.

The mills have annual capacity of 440m board ft of lumber. However, Canfor already has 1.3bn board ft capacity in its British Columbia mills.

Canfor has a capital investment programme worth more than C\$1bn (US\$47m) for modernisation of its British Columbia pulp mills and for a joint newsprint venture with Oji Paper of Japan. The company made clear that the withdrawal from Alberta was due to the weight of its British Columbia programme.

Canadian Pacific, the transportation and energy group, is raising its quarterly dividend to 23 cents from 19 cents.

WARD WHITE GROUP

The Directors of Ward White Group plc are pleased to announce the interim results for the half year ended 31 July 1989.

Year ended 31 January	6 months ended 31 July	
	1989	1988
£million	£million	£million
734.6	405.6	342.3
83.5	39.5	30.1
0.4	-	0.7
(7.3)	(5.2)	(3.1)
76.6	34.3	27.7
23.1	9.8	9.4
53.5	24.5	18.3
27.7	(0.5)	17.1
81.2	24.0	35.4
(12.1)	(7.2)	(7.2)
69.1	16.8	28.2
Earnings per ordinary share:		
34.9p	14.6p	9.4p
28.5p	12.2p	10.4p

	Six months ended 31 July 1989		Six months ended 31 July 1988	
	Turnover	Operating profit	Turnover	Operating profit
£million	£million	£million	£million	£million
Home DIY products	181.3	19.3	133.1	15.6
Halfords	110.3	9.6	85.3	6.2
USA autoparts & accessories	85.1	8.1	48.2	6.1
Other activities	28.9	2.5	75.7	2.2
	405.6	39.5	342.3	30.1

	Six months ended 31 July 1989		Six months ended 31 July 1988	
	£million	£million	£million	£million
Net surplus on sale of retail property	2.1	0.1	0.3	0.8
Restructuring of leases	0.3	0.3	(0.1)	0.3
Development (loss)/profit	(0.1)	0.3	2.3	1.2

Notes

- The interim figures are unaudited and are prepared under the historical cost convention, modified by the revaluation of freehold and certain long leasehold properties, and have been prepared in accordance with the accounting policies described in Ward White's latest published Report and Accounts.
- Basic earnings per share are calculated on the weighted average of 118.5 million ordinary shares in issue during the six months ended 31 July 1989 and profit before extraordinary items (but after preference dividends) of £17.3 million. Fully diluted earnings per ordinary share are calculated on the weighted average of 200.1 million ordinary shares in issue after allowing for full conversion rights attached to the convertible redeemable preference shares.
- Operating profit includes profit of £2.3 million (1988 £1.2 million) relating to retail property and developments. This includes all profits arising from the active management of the group's property portfolio, which can be categorised as shown below.
- Extraordinary items in 1989/90 primarily relate to a loss on disposal of listed investments, and exclude any expenses incurred in connection with the offers made by Boots.
- Tax on profit on ordinary activities includes £2.9 million (1988/9: £2.6 million) in respect of overseas companies.
- The results for the year ended 31 January 1989 are abridged from the full accounts for the period, which received an unqualified audit report and have been filed with the Registrar of Companies.
- The interim results will not be sent to the ordinary preference and convertible preference shareholders.
- The directors are not declaring an interim dividend in the light of the acquisition of a majority of the shares of Ward White Group plc by The Boots Company PLC.

This announcement appears as a matter of record only.

NEW ISSUE

11th September, 1989

OKI

Oki Electric Industry Company, Limited

U.S. \$300,000,000

3 1/2 per cent. Notes 1993

with

Warrants

to subscribe for shares of common stock of Oki Electric Industry Company, Limited

Issue Price 100 per cent.

Yamaichi International (Europe) Limited

- Fuji International Finance Limited
- Kleinwort Benson Limited
- LTCB International Limited
- Yasuda Trust Europe Limited
- Barclays de Zoete Wedd Limited
- BNP Capital Markets Limited
- Commerzbank Aktiengesellschaft
- Credit Suisse First Boston Limited
- Daito Securities Co., Ltd.
- Deutsche Bank Capital Markets Limited
- Mitsubishi Finance International Limited
- Morgan Stanley International
- Norinchukin International Limited
- Saitama Finance International Limited
- J. Henry Schroder Wagg & Co. Limited
- Smith Barney, Harris Upham & Co. Incorporated
- Swiss Bank Corporation
- Takugin Finance International Limited
- UBS Phillips & Drew Securities Limited
- Westdeutsche Landesbank Girozentrale

Nomura International

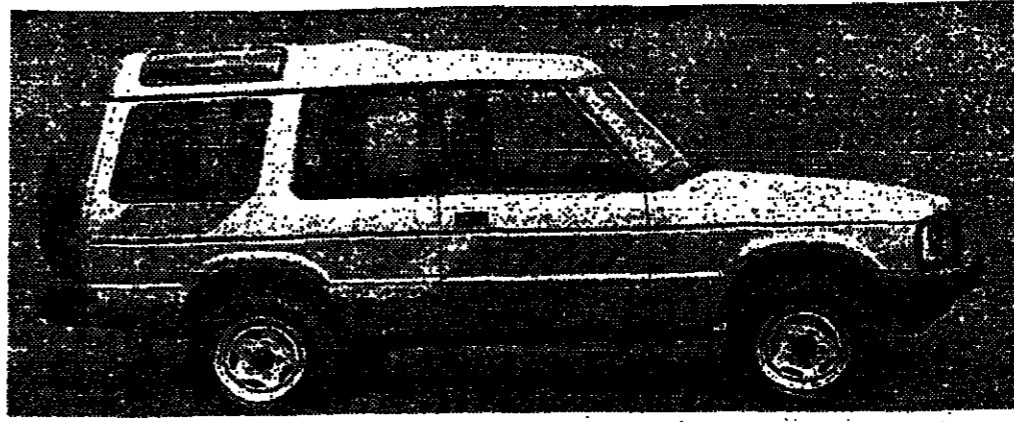
- Merrill Lynch International Limited
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- Amsterdam-Rotterdam Bank N.V.
- Bayerische Landesbank Girozentrale
- Chase Investment Bank
- Cosmo Securities (Europe) Limited
- Dai-ichi Europe Limited
- Daiwa Europe Limited
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- Morgan Grenfell & Co. Limited
- Nippon Kangyo Kakumaru (Europe) Limited
- Okasan International (Europe) Limited
- Sanyo International Limited
- Shearson Lehman Hutton International
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- Taiheyo Europe Limited
- Tokai International Limited
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INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Land Rover pins hopes on new Discovery

Kevin Done reports on a weapon in the UK battle against Japanese car domination

Rover Group, the UK's battered leading car maker, starts to show its head gingerly above the castle wall again today with the long-awaited unveiling of a new vehicle by Land Rover, the first by the specialist four-wheel drive subsidiary in nearly two decades.



The Discovery carries Land Rover's hopes to the prestigious Frankfurt Motor Show

The Discovery, which will be launched at the prestigious Frankfurt Motor Show this week, is only the third all-new vehicle to be developed by the division since the Land Rover itself was unveiled in Amsterdam in 1948.

This is in spite of the four wheel drive leisure/utility sector being one of the fastest-growing segments of the world vehicle market during the last ten years.

Developed with an investment of about £100m (£155m) - including a new direct injection turbo charged diesel engine - the Discovery is a crucial vehicle for Land Rover.

As virtually the only European standard-bearer, the Discovery takes Land Rover into head-on competition with some of the leading Japanese vehicle makers.

It will make stern demands on Land Rover's ability to meet Japanese cost levels, if the vehicle is to be profitable. The Discovery will be pitched between the utility Land Rover and the luxury, up-market Range Rover.

At a starting price of £15,000 to £18,000 it will compete directly in a sector that Japanese vehicles such as the Mitsubishi Shogun (known as the Pajero in Continental Europe and the Montero in North America), the Isuzu Trooper, the Nissan Patrol and the Toyota Land-Cruiser have had as an almost exclusive preserve, along with the Jeep Cherokee of the US Chrysler Group.

Land Rover remains one of the world's pioneers of four-wheel drive vehicles, however, and is virtually the only European competitor to have succeeded in the sector. Such was the uniqueness of the Range Rover when it was launched in 1970 that one model was exhibited at the Louvre in Paris as an example of modern sculpture.

Like the other constituent parts of British Leyland, Land Rover was dragged down by the industrial turmoil that engulfed the company during the last 20 years, and it was starved of development funds, as BL plunged ever deeper into loss. Hence the long wait for

Discovery. In the last three years, Rover has put on a much sounder footing. The group has been reduced dramatically in size with the disposal of 18 businesses, it has been returned to the private sector with its takeover a year ago by British Aerospace, and most recently it has cemented its long-term relationship with Honda of Japan, which is planning to take a 20 per cent equity stake in the Rover Group vehicle business.

The decision to give Land Rover the go-ahead to develop the Discovery was one of the early moves made by the new Rover Group management team under Sir Graham Day in 1986, while the company was still in state ownership.

The Discovery has been brought from concept approval to market launch in the creditable time of less than three years, and is one of the first pieces of firm evidence that the Rover Group is ready to go back on the product offensive.

The Discovery is also an indication of how the Land Rover business has been transformed during the 1980s. In 1982, the company was still most importantly a producer of Land Rover utility vehicles, the four-wheel drive workhorses demanded by farmers, foresters, police and armed forces, but most importantly a vehicle in demand in Africa and other parts of the developing world.

In 1980 sales of the Land Rover vehicle totalled £1,198, while the much more up-market Range Rover was still relatively unimportant at 9,708.

In 1980 Africa, the Middle East and the so-called rest of the world markets accounted for 80 per cent of Land Rover sales and a third of Range Rover sales.

At its height Land Rovers were being assembled in more than 30 countries from knock-down kits supplied from the UK. And the Range Rover was far from the luxury vehicle it is today, equally at home in Mayfair or on the farm, selling at up to £28,721 and competing in the luxury car market against the likes of BMW, Mercedes-Benz and Jaguar.

"The Range Rover still had two doors, a manual gearbox and plastic seats in 1980," says Mr Chris Woodwork, Land Rover commercial director since early this year, when the whole Rover Group top management structure was reorganised.

Following the second oil crisis, Land Rover's business in the developing world collapsed, plunging the company into loss in 1985 and 1984.

"We have had to switch from being a company selling Land Rovers in the Third World, to a company selling Range Rovers in Europe and North America. We have had to make a massive product change with the existing vehicle," says Mr Woodwork.

Since 1980, the Range Rover has acquired air conditioning, leather seats, electric windows, electric sun-roof, automatic transmission, a turbo-diesel engine, a new transfer box, fuel injection, more power and central locking along with other specification details that belong to the luxury car market.

The transformation has succeeded. More than 35 per cent of all Range Rovers sold in the UK are of the highest Vogue SE specification selling at almost £30,000.

The vehicle has been launched - in early 1987 - with conspicuous success in the US; the world's most demanding luxury-car market. Sales in the US have

increased by more than 50 per cent this year in contrast to heavy falls suffered by many European luxury and executive cars including Rover's own Sterling. Later this autumn Rover Group plans to launch the Range Rover for the first time in Japan.

The transformation has also worked financially with Land Rover regaining profitability and making a £23.5m profit before interest and taxation in 1987, the last year when financial results were available before the figures were submerged in the accounts of British Aerospace.

Last year, while Land Rover vehicle sales had slumped to 22,515 from 51,198 in 1980, Range Rover sales had climbed to 24,188 from 9,708 - performing wonders in the process for the profitability of the company's model mix.

West Europe accounted for two-thirds of Land Rover sales, while Europe and North America accounted for 87 per cent of Range Rover sales.

The company's survival during the 1980s owes much to the drastic restructuring of Land Rover's manufacturing operations. This included the rationalisation from 14 sites throughout the country into one at Solihull, West Midlands.

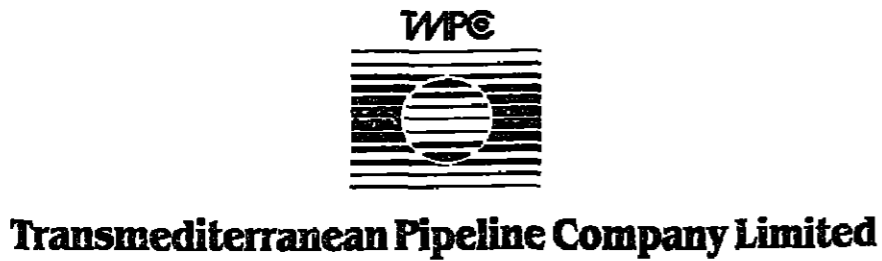
In the process, £18m-a-year in operating costs, 1,500 jobs and 1m miles in internal transportation were removed.

Land Rover now hopes the Discovery will provide an important third leg for the expansion of the business.

The company is coy about its ambitions, it has been burned so often in the past, but it appears that it is hoping for annual production of more than 20,000 vehicles a year putting the Discovery on a par with both the Land Rover and the Range Rover.

Japanese makers are already established in Europe with Suzuki (SJ Series and Vitara) and Nissan (Patrol). Japanese-made products accounted for 59.2 per cent of the European market with the balance of the Japanese share coming from local assembly.

Rover is not alone in seeking to carve out a growing share of this market. Chrysler and Renault are also collaborating on a new vehicle for the sector. Other additions are planned by General Motors and Isuzu at their UK joint venture plant, IBC Vehicles, and by Nissan and Ford in a joint venture at Nissan's Spanish plant. The field is becoming crowded, but at least Land Rover is in there fighting and does not lack for pedigree.



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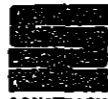
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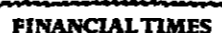
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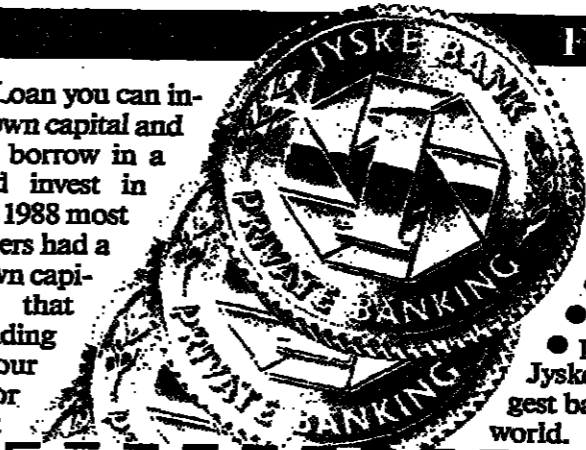


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INTERNATIONAL COMPANIES AND FINANCE

Bond Corp shares fall to new low of 30 cents

By Chris Sherwell in Sydney

A FURTHER bout of selling yesterday took shares in Bond Corporation, the debt-burdened flagship of Mr Alan Bond's beleaguered business empire, to a fresh low of 30 cents on Australia's stock exchanges, down 10 cents on the day.

The plunge, which at one point pulled the shares as low as 27 cents, followed estimates that the group now has a negative net worth of as much as A\$2.59 per share, and renewed controversy over a A\$4.5bn (US\$2.7bn) plan to sell its brewery interests to the 56 per cent-owned Bell Resources. The deadline for the deal has been postponed and changes to it are mooted.

These developments followed a depressing impact last week on the value of Mr Bond's television interests, resulting from

the fire-sale of a rival commercial network and his bitter public falling-out with the Western Australian state government over an A\$1.2bn petrochemical plant project.

Analysts said yesterday the survival of Mr Bond's empire was no longer in his hands - that his destiny was being determined by his bankers, auditors and the country's regulatory authorities, and by individuals such as Adelaide Steamship's Mr John Spalvins, a key Bell Resources shareholder.

The revelation that Bond Corporation now has an appraised negative net worth of between A\$1.59 and A\$2.29 per share (depending on the value placed on Bell Resources shares) came in a leaked internal memorandum

of Baring Securities. The memorandum, written last week, updated a document prepared in May which gave the group a negative net worth of A\$1.80 per share. It traces Bond Corporation's troubles back to a full bid that the National Companies and Securities Commission (NCSC), Australia's stock market watchdog, obliged it to make for Bell Group, parent of Bell Resources, at an expensive A\$2.70 per share.

The document makes it clear that Mr Bond's situation would improve significantly if he could sell his brewing interests to a third party at book value of around A\$2.6bn or more.

However, over the weekend it emerged that his plan to sell these interests to Bell Resources had hit more problems.

Mr Henry Bosch, NCSC chairman, confirmed that Bell Resources' A\$1.2bn "deposit" with Bond Corporation was the most important issue it would investigate in a private hearing announced last week. The NCSC is also looking at certain put and call option deals with Mr Rodney Adler's FAI Insurance involving a Perth property site and a stake in Bond International Gold.

While the NCSC's hearings proceed, Mr Spalvins whose 20 per cent holding in Bell Resources gives him the means to prevent the brewing deal, is thought to be withholding court action to force the return of the A\$1.2bn deposit.

At the same time there is renewed speculation that Mr Bond is seeking other buyers

for his brewing interests. Mr Spalvins is said to be an interested party. So is Mr John Elliott's Elders IXL, despite noises from the antitrust Trade Practices Commission that it would disallow its increased dominance of the beer market. Other names mentioned include SA Brewing and, from New Zealand, Lion Nathan and the Brierley group's Magnum Corporation.

In a statement to the stock exchange yesterday, Bond Corporation said discussions over the sale of its brewing assets were at an advanced stage and, if successfully concluded, there would be a detailed announcement later this week. The group also blamed its share price fall on adverse media comment on the group's financial position.

Downturn at Australian mining group

PANCONTINENTAL Mining of Australia has blamed an unrealised foreign exchange loss of A\$8.5m for a 24 per cent fall in net profit for the year to June, Reuter reports from Brisbane.

The group yesterday announced profits of A\$21.6m (US\$18.6m), down from A\$38.8m. Sales rose slightly to A\$138.2m from A\$134.2m.

Unrealised foreign exchange movements were required by the accounting standard to be brought into account on a current basis, even though the underlying debt obligations that gave rise to them were long term, the company said.

The group said that, based on the year's profits and strong cash flow, the directors had declared an increase in the final dividend to 3.5 cents a share from 2.5 cents.

Gold production at Paddington rose to a record 106,000 oz from 100,305 oz. Recent exploration had resulted in discoveries of gold, tantalum and platinum and follow-up work was in progress to define the extent of these resources.

Inspectorate loses zest for leasing

The merger proposed last week between two Swiss companies, Inspectorate International and Adia, will create a group with sales of around Sfr2.5bn. It will operate primarily in the temporary employment, quality control and security services sectors and the new grouping is likely to have significant consequences for the European information technology industry.

Adia is the world's second-largest employment agency. Inspectorate has a raft of interests ranging from quality inspection and engineering to property, but its largest division is information technology, accounting for Sfr1.5bn out of 1988 revenues of Sfr2.47bn. Last year the division secured Inspectorate 46th place in the US magazine Datamation's top 100 information technology companies.

However, the merger announcement is an indication of the seriousness with which Inspectorate is refocusing its interests, and cutting away activities outside what it now defines as its core businesses.

This means that the information technology division - comprising Meridian, a US computer leasing company, and Meridian International (MI), a European computing services company - will be among the first to go.

Inspectorate has already taken preliminary steps. Earlier this year it announced that Wasserstein-Perella, the Wall Street mergers and acquisitions specialist, had been retained to help it evaluate offers for the computer leasing subsidiaries. It is thought a deal will be reached before the end of the year, although it is not yet clear whether a sale, financial restructuring, merger or joint venture is the most likely alternative.

The two companies are most unlikely to be sold as a package. Inspectorate's IT activities are a division in name only. The US Meridian has been run by the same management team for the best part of a decade. It is a computer leasing company, pure and simple, and seems content to remain so.



Ian Orrock: MI looking for European partner

tionally describes a range of activities such as software development, consultancy and facilities management; some will not allow that computer leasing is a true computing service at all.

Why should this be so? Computer leasing is a dangerous, edgy business, favoured by entrepreneurs who take substantial risks to turn a profit. They buy IBM or Digital Equipment (DEC) computers, systems that are the workhorses of the computer world and which have an accepted resale, or "residual," value.

The trick is to find a "head lessor," typically a bank, to finance the deal and collect the leasing payments. The leasing company makes its money out of relocating the system to another customer at the end of the lease.

Without added frills, such a business would be marginally profitable and deadly dull. The entrepreneurial flair of successful lessors is shown in their ability to "manage" their portfolios - to persuade their customers - frequently to change or add to their systems.

MI has attempted to break out of the traditional leasing mould by adding divisions dealing with computer maintenance, facilities management, systems consultancy and disaster recovery. However, Mr Orrock agreed this week that leasing was and would remain the chief source of revenue for the foreseeable future.

But he was still committed to the concept of creating a pan-European services group, pointing out that the company, through its leasing activities, had a close relationship with more than 350 of Europe's top 1,000 companies, and was therefore in a privileged position to sell on new services.

He argued: "We have a group of elite customers. We have a huge market opportunity... We have the customers, we have much of the product already in place and in the next year or so we will be finding more muscle to put on the skeleton. We want to provide a one-stop shop and position ourselves as the leading vendor in the marketplace."

On the other hand MI, which has its headquarters in Virginia Water in the UK, was put together over the past two years from the rump of a number of European leasing companies but has ambitions to be Europe's leading computing services company. Last year it had sales of \$410m (\$622.5m) with profits of \$18.4m, a much better result than might have been expected considering the costs of restructuring.

Mr Ian Orrock, MI managing director, said the company's ideal partner or parent would be a big multinational with strategic objectives that embraced the whole of Europe and with strong high technology interests. While such a description clearly included a number of US organisations, he would prefer a European company.

Why should Inspectorate be so willing to divest itself of an aggressive, fast-growing subsidiary in an important business area?

First, because Inspectorate, largely the creation of Mr Werner Rey, a Swiss entrepreneur, has never been fully committed to the leasing business. The company acquired Meridian in the US in the mid-1980s. It was Mr Orrock who saw the possibility of building a pan-European computing services business on that foundation and persuaded Mr Rey to invest some \$250m in acquisi-

tion and running costs. IBL, two UK-based leasing companies, and ACL, a Swiss data centre management organisation, formed the spine of the company. A host of smaller acquisitions completed the skeleton. Nevertheless, the feeling in the leasing community was always that Meridian was being fattened for market rather than for retention.

Second, the leasing business has become significantly tougher: "There is intense pressure from IBM which is driving companies out of business," according to Mr Neil Ashworth, marketing director for Atlantic Computers, the most successful and aggressive of UK leasing companies.

The European computing services market was valued at around \$32bn in 1988 and is growing at about 20 per cent a year. Yet no single company has more than a 5 per cent market share, a reflection of its relative immaturity.

However, received wisdom is that in the 1990s it will be dominated by a handful of large, well-capitalised companies offering a broad range of services and able to take on the role of prime contractor in leading information technology projects.

This perception is a big factor in the wave of mergers and acquisitions now sweeping through the industry. Computing services conven-

Dai Nippon Printing in share offer

DAI NIPPON Printing, Japan's largest commercial printer, is to make a public placement of 30m shares representing some 4 per cent of its expanded capital, writes Our Financial Staff.

Although the pricing will not be set until after a board meeting on September 25, at the company's ¥2,380 price on the Tokyo Stock Exchange yesterday the issue would raise ¥71.4bn (\$488m). Funds raised are described as being earmarked for capital spending.

Dai Nippon Printing had consolidated net earnings per share of ¥47.80 in its year to March and paid a ¥10 dividend. In May it made a one-for-20 scrip issue.

Underwriters for the latest offering are Japan's Big Four securities houses.

• Toyo Trust and Banking of Japan plans to apply for stock exchange listings in London and Paris in an effort to enhance public recognition in Europe ahead of the unification of EC markets by 1992.

It hoped the listings would increase business opportunities as well as expand its ability to raise capital.

Barclays de Zoots Wedd will manage the London listing, set for November, and Societe Generale the Paris quotation in January.

Mayne Nickless to sell US armoured car division

By Our Financial Staff

MAYNE NICKLESS, the Australian transport and security services group, is selling Loomis Armored, its loss-making US armoured car division, to Brink's, the US security group. A price was not disclosed.

Mayne Nickless said the sale did not affect its Loomis

operations in Canada or other Mayne Nickless armoured car businesses in the US.

The deal comes less than three weeks after Mayne Nickless said it was studying a partial or complete sale of Loomis Armored. However, the company revealed yesterday that at least a partial disposal had

been in prospect since March. Mayne Nickless added that the sale of Loomis Armored did not reduce its "commitment to further develop its extensive operations in North America."

In the year to June the unit suffered its first loss in 10 years under Mayne Nickless's

ownership. Although the size of the deficit was unspecified, it left the Australian company's total US operations A\$2.4m in the red.

Mayne Nickless, which is 46 per cent owned by Amcor, the paper products group, reported worldwide net profits up 37 per cent to A\$113.9m (US\$87.4m).

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July 1989

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday September 11, 1989. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Table with columns: COUNTRY, £ STG, US \$, D-MARK, YEN (x100), COUNTRY, £ STG, US \$, D-MARK, YEN (x100), COUNTRY, £ STG, US \$, D-MARK, YEN (x100). Lists countries like Afghanistan, Albania, Algeria, etc. with their respective exchange rates.

Special Drawing Rights Section B 1989 United Kingdom £1.23454 United States \$1.23448 Germany West D Mark 2.45220 Japan Yen 101.240 European Currency Unit Rates September 11 1989

Abbreviations: (a) Free rate; (b) Base rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (f) Financial rate; (g) Export; (h) Non commercial rate; (i) Banker's rate; (j) Buying rate; (k) Lending rate; (l) Market rate; (m) Official rate; (n) Preferential rate; (o) Convertible rate; (p) Parallel rate; (q) Selling rate; (r) Tourist rate.

INTERNATIONAL CAPITAL MARKETS Slide in junk bond ratings 'more rapid' than in 1988

By Norma Cohen

THE CREDIT quality of junk bonds has deteriorated more rapidly in 1989 than in 1988, reflecting increased competitive pressures on smaller companies and weakness in real estate lending, high technology and retailing, according to a new study by Moody's Investors Service.

Oversubscribed Enimont share issue is closed

THE ISSUE of 20 per cent of the capital of Enimont, the Italian chemicals group, was oversubscribed on the first day of the offer, which has been closed, Reuters reports.

Requests from domestic and foreign investors widely surpassed the 850m shares on offer. The issue, which was scheduled to run until September 15, was officially closed yesterday morning.

HK watchdog abolishes capital market controls

HONG KONG'S Securities and Futures Commission, the colony's financial watchdog, has abolished all but one of a series of controls imposed on capital market funds after the 1987 crash.

The commission said the move was aimed at bringing Hong Kong broadly into line with international practice. It follows an official review of guidelines which in the wake of the crash, imposed additional requirements on capital funds.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Table with columns: US DOLLAR, STRAIGHTS, YEN STRAIGHTS, DEUTSCHE MARK, STRAIGHTS, SWISS FRANK, STRAIGHTS, CONVERTIBLE, NONRE, and EUROPEAN STRAIGHTS. Lists various bonds with their yields and prices.

TRADE INDEMNITY THE CREDIT RISK MANAGERS 01-739 4311 OVERDUE ACCOUNTS COLLECTION

MOROCCO ROYAL DECISION IN FAVOUR OF FOREIGN INVESTORS In an effort to facilitate foreign investments in Morocco His Majesty King Hassan II addressed the following message to the Prime Minister Dr Azzedine Laraki

HASSAN II King of Morocco

Swiss Franc Table with columns: COUNTRY, £ STG, US \$, D-MARK, YEN (x100). Lists countries like Afghanistan, Albania, Algeria, etc. with their respective exchange rates.

UK COMPANY NEWS

Oxford Instruments buys Link Scientific for £57m

By Andrew Hill

OXFORD INSTRUMENTS Group, the high technology company, has made its largest acquisition to date, buying Link Scientific Group from Carlton Communications, the television services business, for up to £57.5m.

Link claims 25 per cent of the £100m worldwide market for X-ray analysis equipment and was part of UEL, the digital processing and engineering company which Carlton bought in May.

The combination with existing analytical equipment interests should push Oxford ahead of the joint market leader, Kevex of the US.

Mr Peter Williams, Oxford's chief executive, said the group had always been interested in Link. The subsidiary was the principal strategic attraction when Oxford and UEL opened unsuccessful talks about a merger in 1987, and Oxford approached Carlton about buying the division immediately the TV group announced its agreed bid for UEL.

"I have known Michael Green in the past and banded

on his door pretty hard," said Mr Williams yesterday, adding that Oxford's "pre-emptive strike" had won Link in the face of competition from rival technology groups.

Oxford will pay an initial £47.5m cash to acquire Link free of debt. A further payment of up to £10m in shares depends on the amount by which Link's operating profits in the year to September 30 1990 exceed £4.75m. In the year to January 31, it made operating profits of £4.07m on sales of £23.4m.

The group said the purchase would not dilute earnings per share in the first year, but might have a slight dilutive effect in the following 12 months depending on the size of the deferred payment.

Four months ago Oxford sold a controlling interest in its medical magnets division to Siemens, the West German electronics group.

Oxford said yesterday that the establishment of the joint venture had initially caused some of the division's customers to postpone orders and

warned that this would have an adverse impact on first half profits.

However, the company said this would probably be more than offset by a £5.5m profit on the sale of the magnet division's assets. Oxford's shares yesterday slipped 9p to 271p.

Link manufactures systems for analysing X-rays emitted from materials. For example, the systems can be used in electron microscopes to search for minute imperfections in alloys used by the aerospace industry. Link also owns US subsidiaries which supply high purity germanium and nuclear instrumentation, and design and manufacture X-ray tubes and power supplies.

"Oxford's analytical equipment division is centred on industrial quality control, Link is at the higher technology end of the business," said Mr Williams yesterday. He said the engineering disciplines of the two subsidiaries would be kept separate, but Link would benefit from Oxford's marketing strength.

Hostilities begin at defence contractor

Clay Harris and Andrew Bolger on Meggitt's surprise attack on USH

UNITED Scientific Holdings did not need one of its night sights to detect that a hostile bid might be on the way.

Buffeted by two unprofitable contracts at its UK-based Avimo subsidiary, the defence equipment manufacturer saw pre-tax profits slide to £10m in 1987-88. But things turned out even worse than expected, and USH fell £5.5m into the red in the six months to March 31 and passed its interim dividend.

This was the crowning blow to a dreadful year for USH. It tried and failed to buy Varo, a Texas-based manufacturer of night-vision devices, then sold at a loss Fernau Avionics, a UK maker of ground navigation systems and radio surveillance equipment. Its chief executive, Mr David Fraser, resigned last September as the Avimo losses began to emerge, and Sir Frank Cooper, former permanent secretary at the Ministry of Defence, retired as chairman in March.

So USH had been scanning the horizon for hostile fire for some time: looking in the direction of Vickers and GKN, for example, competitors to its Alvis armoured vehicle subsidiary, the manufacturer of the Scorpion light tank and the Stormer multi-purpose light armoured vehicle. Or perhaps from Pilkington, a rival in electro-optical devices.

When the bid came however, it arrived from an unexpected direction. Meggitt, although also a defence contractor, has no experience in USH's own products. USH seemed almost palpably relieved at the identity of its foe.

"Neither in terms of value or of industrial fit do we consider it desirable," said Mr Nick Prest, USH's deputy chief executive. Meggitt, he said, was merely a module and sub-assembly manufacturer, while USH supplied sophisticated finished systems to end users.

The dismissive initial reaction matched the aggressive tone of Meggitt's attack. The bidder laid the blame for USH's "dismal" profits record of the past five years directly at the door of the target's "management merry-go-round." In that period it has had three chairmen and three chief executives, the first and most notable of which was Sir Peter Lewney, since 1985 head of the MOD's Procurement Executive.

Analysts were loath to date the beginning of USH's decline from Sir Peter's departure; indeed one corporate insider said "his sense of timing was tantamount to genius."

In its defence, USH will point to the value of its publicly quoted subsidiary, Avimo Singapore, started as a greenfield operation in 1974. USH's 65 per cent stake is now worth £43m.

It will also stress that it has rebuilt Alvis's order book from the lean years of the early 1980s to a present level of about £10m. Among the major contracts at present are the first 140 Stormers for the British army - worth £300,000 each - and 85 Scorpions for Venezuela.

Meggitt, on the other hand, will stress its own management record. In spite of spending more than £200m on more than 20 takeovers over the past five years, it resists the tag of acquisitive conglomerate. Mr Ken Coates, managing director, said yesterday: "We are engineers first and foremost and try to follow our expertise."

Formerly a small loss-making machine tools engineer in Wimborne, Dorset, its rapid expansion started in 1984 when it was the subject of a 31-supported management buy-in by Mr Coates and Mr Nigel McCorkell, finance director.

Mr Coates and Mr McCorkell had already helped to turn around Flight Refuelling, an aerospace supplier also based in Wimborne. They made it clear from the outset that they were primarily interested in using Meggitt as a springboard for high-technology acquisitions in aerospace and defence. The balance sheet was quickly strengthened with the help of two rights issues, which raised £2.7m in nine months.

Meggitt's first move was into cutting tools, through the £2.6m acquisition of Isley (London) in 1984. In 1985 Negretti, a supplier of aircraft instrumentation, quadrupled Meggitt's turnover when it was acquired for £16m in shares. The £3.5m acquisition in 1986 of Holsworthy, which makes electronic components and micro-circuits, boosted Meggitt's sales by 75 per cent.

Meggitt's last contested bid was in 1988, when it won control of Bestobell, the electronic



Ken Coates: we are engineers first and foremost and try to follow our expertise... we are not break-up specialists

and mechanical components manufacturer, for £25m. It had a powerful advantage in that the bid was backed by BTR, the industrial conglomerate, which converted its 23 per cent stake in Bestobell into an 18 per cent holding in the enlarged Meggitt.

Mr Norman Ireland, former BTR finance director, is a non-executive director on both boards, but Meggitt said yesterday that he was playing a less prominent role in this bid than in the current battle by Bowater Industries (where Mr Ireland is also on the board) for Norton Opax.

Meggitt moved quickly to dispose of most of Bestobell's overseas assets. However, the US involvement was stepped up last year with two purchases worth \$40m - of Plastic Fabricating, a Kansas-based components maker, and New York-based Ragen data systems, which makes engine and air data systems.

Its most recent move came last September, when it made an agreed £33m bid for Microsystems Group, the USM-quoted maker of elec-

tronic products such as ticket machines, taxi meters and telephone-logging systems. Meggitt cites this as an example of how quickly it sorts out problems. Ragen, a money-losing subsidiary making security telephones for sheltered homes, was sold within weeks.

At USH, however, Mr Coates disclaims any such intention: "We are not break-up specialists." He could not think of any part of USH which would not fit into an enlarged Meggitt.

But if he should succeed and then change his mind, Mr Coates will be spoilt for choice. "Meggitt could well be offered a very decent price for Alvis by Vickers or GKN," said Mr Simon Street of Barclays de Zoete Wedd. Or Pilkington for the electro-optics side.

Of course, one of these usual suspects - or another - may decide to do the break-up itself, or USH may unveil a defensive link on the electro-optical side with a European partner. The only certainty is that Meggitt's opening shot worth between 150p and 170p will not carry the day. But the bidding is open.

VPI offshoot grand jury probe

By James Buchan in New York

NEW YORK State criminal investigators are looking into The Carter Organisation, the Wall Street proxy solicitation firm owned by VPI Group of the UK, after allegations that the firm may have padded its bills to clients.

The investigation, which is being conducted before a State Grand Jury, is also looking at the tax affairs of Mr Don Carter, the company's founder and chairman who sold the business to Valin Pollen International of the UK for \$76m in 1987.

Mr Reg Valin, chairman of the UK consultancy and public relations group, yesterday confirmed that VPI, Carter and Mr Carter had all been subpoenaed by the grand jury. "On the basis of legal advice, we are confident that no further action will be taken," Mr Valin said.

Carter referred all enquiries to Mr Valin in London and the New York State Attorney Gen-

eral's office did not wish to comment.

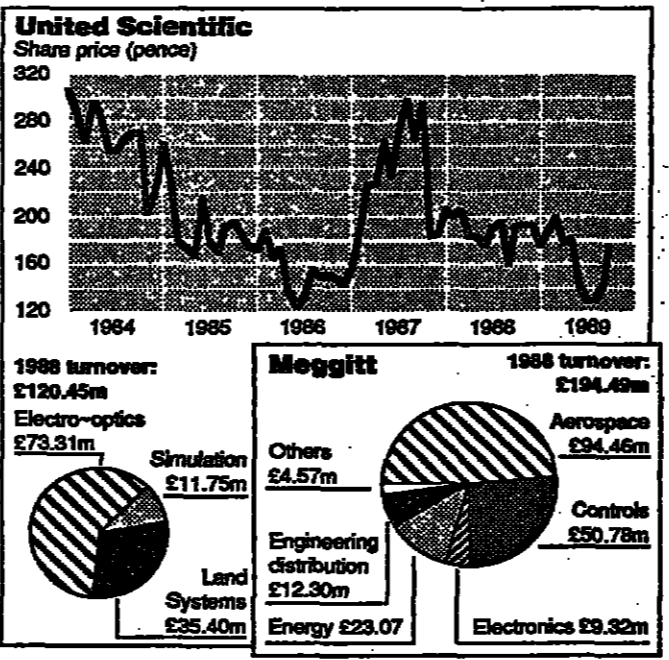
The investigation, which was apparently set off by a former employee of Carter, is looking at allegations that the firm billed its clients for millions of dollars of expenses which were never incurred. Mr Valin said that the grand jury was also looking at personal tax matters from the time before the sale of the business when Don Carter and The Carter Organisation were one for taxation purposes.

Mr Carter, 41, a flamboyant and popular figure in New York, founded the business with just \$3,000 in cash after a stint as a research analyst for Mr Carl Icahn, the well-known takeover specialist. The firm, which specialises in the laborious business of soliciting proxy votes for stockholders' meetings, took off in the early 1980s when a new generation of corporate raiders, such as Mr T. Boone Pickens and Sir James Goldsmith, started waging bat-

ties for shareholder votes to gain control of big corporations.

Mr Carter is best known for a computer database he diligently pieced together of influential holdings in big corporations. But apparently his billing mechanism was not computerised. "There was a strong manual element," Mr Valin said. "It wasn't very sophisticated but it has been very carefully checked by the lawyers and it stands up. In fact, in some cases, there was a substantial under-recovery of costs from clients."

VPI paid \$76m for the business in the summer of 1987 while providing Mr Carter with a share of future profits for three years under an "earn out" agreement. But the takeover business has declined sharply since the sale and Mr Valin said yesterday that profits were unlikely to cross the earn-out threshold this year or next.



Lasmo natural gas find in Pakistan

By Steven Butler

THE LONDON & Scottish Marine Oil company (Lasmo), yesterday said it had found natural gas at Kadwanwari in the Tajal concession in Pakistan's Sindh Province in its first drilling of a concession granted in

1987.

A well flowed at rates in excess of 28m cubic feet a day during tests.

Reuters news agency yesterday quoted Mr Jahangir Badar, the Pakistani oil minister, saying that the gas was of high

quality and free of sulphur. He added that commercial production could begin about three years.

Lasmo said that further testing would be required to assess the commercial significance of the find.

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IT TAKES

AN EDGE

DELTA

	1st Half 1989	1st Half 1988
	£m	
Turnover	434.55	318.07
Profit before tax	43.07	34.11
Earnings per share	17.4p	15.1p
Interim ordinary dividend	3.9p	3.4p

Pre tax profit up by 26%
 Earnings per share up by 15%
 Dividend up by 15%
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HALF YEAR HIGHLIGHTS

Unaudited Results for Half Year to	1 July 1989	2 July 1988
Turnover (£ million)	98.1	119.1
Profit before tax (£ million)	22.1	19.9
Earnings per share (fully diluted) (pence)	12.2	11.1
Interim dividend per Ordinary share (pence)	2.8	2.0

- Earnings per share up 10%
- Profit before tax up 11%
- Interim dividend up 40%
- Forecast total dividend increase of not less than 20%

The above extracts are taken from the full half year results which will be posted to shareholders on 26 September 1989. Copies will then be available from the Secretary, Suter p.l.c., St. Vincent's, Grandham, Lincs NG31 9EJ.

MID WALES

The Financial Times proposes to publish a Survey on the above on

3RD NOVEMBER 1989

For a full editorial synopsis and advertisement details, please contact:

Anthony G. Hayes

on 021-454-0922
 or write to him at:

George House, George Road
 Edgbaston, Birmingham B15 1PG



UK COMPANY NEWS

Panel condemns Samuel Montagu over Norton bid

THE TAKEOVER PANEL has condemned the conduct of Samuel Montagu, the merchant bank advising Norton Opax in its three-way takeover battle, as "unacceptable", writes Andrew Hill.

Montagu failed to make Norton's latest letter to shareholders available to Bowater Industries, the packaging and industrial products group bidding for Norton, until yesterday morning, although it was posted on Saturday.

Bowater is offering £382m for Norton, which is in turn bid-

ding for De La Rue, the bank-note printer. Bowater's bid for the specialist print and packaging group will lapse on Friday if Norton shareholders vote against the De La Rue offer at a special meeting. Bowater owns 29.9 per cent of the votes in Norton which it will cast against the deal.

Montagu's conduct, said the Panel, was unacceptable in the context of the tight timetable of the bid. Montagu said the error was due to "an oversight".

This is the second time the

Panel has intervened in the complex and bitter takeover struggle. Last week, it ruled that Bankers Trust International should step down as one of two advisers to Bowater because of a potential conflict of interest.

In its reply to the Norton document - issued to the Stock Exchange just before 6pm last night - Bowater repeated its allegations that the offer for De La Rue was "financially very risky, illogical and not in shareholders' best interests."

Bowater questioned Norton's illustration of growth in profits which indicated that Norton's earnings per share would not be diluted by the acquisition of De La Rue.

The packaging group also implied yesterday that Norton's promise to reduce the company's borrowings limit from 11 times adjusted capital and reserves to five times and, in due course, to three times, was still too vague. "How long should shareholders be exposed to the risks of excessive gearing?" asked Bowater.

Bowater's offer for Norton is worth at least 225p a share, compared with yesterday's closing price of 217p, up 1p. Norton's increases and final offer for De La Rue is worth 40p a share at the nominal value agreed with the Panel last week. That compares with De La Rue's share price of 382p, down 2p.

Separately, Norton announced that it had bought a further tranche of De La Rue shares, taking the holding of Norton and associates to 2.01 per cent.

Interest rates expected to limit growth next year Rugby advances 28%

By Andrew Taylor, Construction Correspondent

AFTER THE recent sharp growth, UK construction profits may increase much more slowly next year, warned Mr Andrew Teare, managing director of Rugby Group, the UK cement and building materials concern.

Yesterday he suggested that high interest rates could limit investment in private commercial and industrial developments as well as in housebuilding.

Rugby yesterday announced a 28 per cent increase in pre-tax profits during the first six months of 1989. The rise from £31.5m to £40.3m and largely expected was helped by increases in cement and reinforced steel sales to the UK construction industry.

Turnover rose by 36 per cent to £224.9m (£202.2m). This was despite a big fall in British housebuilding which limited growth in UK joinery profits to 6.8 per cent.

Mr Teare said that results

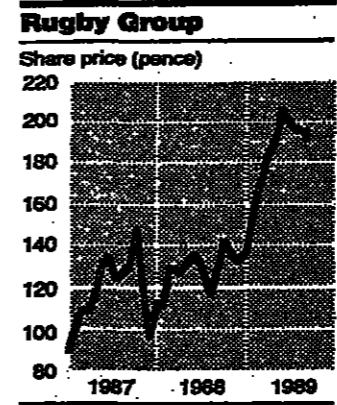
next year would depend upon how quickly the UK repair, maintenance and improvement market recovered. This would depend on the timing and extent of a fall in interest rates.

He remained concerned at the impact high interest rates would have on commercial and industrial development. "There is no sign yet of orders declining it would be wrong, however, not to consider the effect interest rates of 14 per cent will have on financing arrangements for private investment in offices and factories," he said.

"Rugby, with gearing likely to be no more than 5 to 10 per cent at the end of this year despite capital spending of more than £80m during the past two years - is well placed to ride out what may be a flatter year for profits," Mr Teare added.

The group would benefit from long-running projects like the Canary Wharf office development in London and the Channel Tunnel, where Rugby was supplying steel reinforcement for the tunnel linings.

Earnings per share rose from 6.96p to 9.02p in the first half. The interim dividend increased



COMMENT

Rugby is one of the few building material companies which can expect earnings per share to grow by more than 20 per cent this year. UK cement volumes, assisted by increased imports, are running 9 per cent higher than at the same stage last year - almost double the volume increase achieved by Blue Circle, the UK's biggest cement manufacturer. The increase in profits from Rugby's UK joinery business is a creditable performance given the state of the UK housing market but joinery profits will be under pressure in the second half. Australian cement and lime sales should be good in the second half although cement sales next year may be flat. The concern, is not this year's profits which should be about £90m. Rugby, next year, however, should be capable of profits of about £100m which would still provide earnings growth of about 11 per cent. The company deserves its rating of about 9 1/2 times prospective earnings but this is unlikely to improve while sentiment is affected by warnings about next year's growth.

Wilson Connolly bucks trend with rise to £25.8m

DESPITE A sharp fall in UK housebuilding during the first six months of the year, pre-tax profits of Wilson Connolly, the housebuilder and property developer, rose 11 per cent from £23.3m to £25.8m, writes Andrew Taylor.

The company's housebuilding business is in East Anglia and the east Midlands which according to Halifax building society have this year seen some of the highest falls in house sales.

Mr Ian Black, commercial director, said the company sold 770 homes in the first half compared with 1,400 homes in the same period of 1988.

Housebuilding profits fell by over a quarter from £18.8m to £13.9m. Mr Black said the company had budgeted to sell about 950 homes during the first six months. It now expected to sell 1,700 homes this year compared with 2,100 homes in 1988.

Profits from commercial property sales, however, increased from £4.2m to £11.9m. Turnover from property sales rose from £9.35m to £36.58m.

Mr Lynn Wilson, chairman said: "These can be regarded as creditable results in what has been a most difficult time for the new homes industry as a result of the Chancellor's policy of bringing rising inflation under control by means of the interest rate mechanism."

Earnings per share rose from 8.4p to 9.3p. Group turnover expanded 5 per cent to £97.8m (£93.1m). The interim dividend is increased to 1.15p (1p).

PAYMENT DATES

Antipagos	Sep. 21
Aspen Communications	Sep. 14
Banford	Sep. 19
Benetton	Sep. 20
British Airways	Sep. 15
City Centre Restaurants	Sep. 14
Comwell	Sep. 15
Divide Hotel	Sep. 15
Fluoro	Sep. 15
Gabba	Sep. 22
Higgs & Hill	Oct. 4
John Gifford	Sep. 20
James & Shipman	Sep. 20
LIT	Sep. 14
Lyons	Sep. 15
Malaya Group	Sep. 14
Malaya Mining	Sep. 15
Mowlem (Jobs)	Sep. 18
Other	Sep. 22
Procter	Sep. 20
Procter	Sep. 20
Scottish TV	Oct. 5
Tevens	Sep. 20
Trade Indemnity	Sep. 15
Trade Periodic	Sep. 14
UTC	Sep. 14
Wah & Lay	Sep. 27
Logica	Sep. 21
Mudlow (A-S)	Sep. 18

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corres. - Date of pending dividend	Total for year	Total last year
British Vita	4.2	Nov 8	2.8	-	6.5
Delta	3.9	Dec 1	3.4	-	11.2
Gregg Shipping	3.5	Oct 5	-	-	-
Haynes Pub	11	Oct 31	10	19	17
Keirwort Ben In	21.8	-	20.57	57.3	38
Meggitt	1.1	Dec 1	0.9	-	2.75
Rugby Group	2.85	Nov 24	2.3	-	5.2
Rutland Trust	0.27	Nov 23	0.21	-	0.58
Sanderston Murray	5.5	-	5.5	5.5	5.5
Sherwood Comp S	0.75	-	nil	-	nil
Spandax S	1.5	Jan 12	1.5	-	4.25
Suter	2.8	-	2	-	2
Walker (Thomas)	1.22	-	1.3	1.48	1.475
Waterman P'ship	4	Oct 27	1.96	6	1.5
Wilson Connolly	1.15	Oct 23	1	-	3

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †on capital increased by rights and/or acquisition issues. ‡USM stock. §Unquoted stock. ¶Third market. ††For period from flotation to end-year 1988. ‡Special anniversary dividend on ordinary and 'A' non-voting ordinary shares.

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UK COMPANY NEWS

Strong profits in core industrial divisions help offset property fall
Corporate activities boost Suter

By Ray Bashford

SUTER, the industrial holding company headed by Mr David Abell, lifted pre-tax profits 11 per cent in the six months to July 1 aided by a sharp increase in returns from corporate activities.

Pre-tax profits exceeded City forecasts in rising from £19.9m to £22.1m while earnings per share reached 12.5p (11.1p). The result was accompanied by 2.8p (2p) interim dividend and a forecast that the total would rise by at least 20 per cent.

Suter's core industrial operations in refrigeration distribution, speciality chemical manufacture and valve production each made strong contributions to the group result which helped to offset a slide in the property division.

The refrigeration business was the principal influence behind a 23 per cent rise in the distribution division's advance in pre-tax profits to £2.7m.

Mr Abell said that the higher refrigeration standards being demanded by retailers, in the wake of the series of food contamination scares, strengthened the performance. Chemical operations formed a solid foundation for a 39 per cent increase to £9.9m in pre-tax

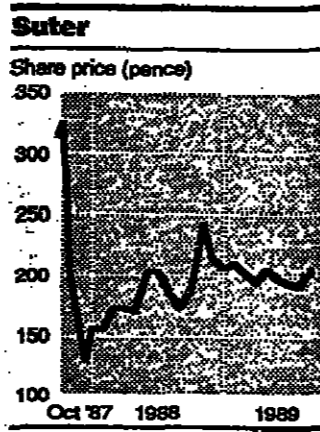
profits by the industrial group. Mitchell Cotts Chemicals, a remnant of the takeover of Mitchell Cotts in July 1987, performed ahead of forecast while Pentagon Chemicals acquired early last year made a small contribution to an overall doubling in profits from operations in the industry.

The property business generated pre-tax profits of only £300,000 (£53.1m) which Mr Abell said due to the timing of the completion of projects. The disposal of a 43-acre site in Braintree, Essex should help ensure a major contribution from property activities in the current half, he added.

Before the inclusion of returns from associate companies and corporate activities, these industrial and property activities made a combined contribution to group pre-tax profits of £12.9m (£14.5m).

Corporate activities, including share trading and bank interest receipts, returned pre-tax profits of £7.8m (£200,000).

Share trading activities made a pre-tax profit of £3m, including a profit of £3.6m on the sale of the remaining stake in Glynwed International. While interest receipts rose to



£3.5m in a half when the company had up to £70m on deposit.

Profits from associated companies fell to £1.9m, compared with £4.3m in 1988, which included £2.7m from stakes in two companies which have been taken over.

The results coincided with the announcement of Suter's sale of a 9 per cent holding in Johnson & Firth Brown, a Sheffield-based metals and engineering company. The stake was sold for £7m among institutional shareholders.

Disclosable investments are held in five other companies.

COMMENT
This result will do little to dispel the long-standing institutional concern about the extent of Suter's reliance on corporate activities. Higher bank interest rates and Mr Abell's ability as a share trader provided a counterweight to a virtual drought in property profits. This doubt about the quality of the company's earnings has hung over Suter's head for longer than concern about the outcome of DTI investigation into certain share transactions. However, the company's chemicals and refrigeration distribution operations have had a clearly stronger six months and are certain to strengthen their positions as industrial conditions brighten in both areas. The forecast of an increase in dividends for the year is an expression of confidence which has been lacking during the past 18 months. While the City retains its reservations, a re-rating seemed more possible yesterday with a share on a prospective p/e of 8, assuming pre-tax profits of £44m.

National Telecom puts itself up for sale

By Vanessa Houlder

SHARES in National Telecommunications yesterday rose 14p to 98p when the telephone systems group said it was willing to consider a bid approach.

"The company has from time to time received informal approaches and has now decided to enter into discussions with suitable industrial partners which could lead to an offer being made for the company in due course," it said.

Although it was confident that it could continue to grow successfully as an independent organisation, it recognised that it would make more rapid progress within a larger undertaking, it said.

This change of attitude follows a strategy review that took account of the market's current perception of the group, it added.

The performance of the share price has been dismal since National Telecommunications came to the market in July 1988, with its shares valued at 120p.

The shares fell from 121p to 107p in May after National Telecommunications issued a profits warning.

In the event, the results turned out to be even worse than forecast.

There was a downturn in profits from £2.91m to £2.64m for the year to the end of March. The company put the blame on a local management problem in the UK distribution business.

British Vita moves into US as profits rise 40%

By John Thornhill

BRITISH VITA, the polymer, foam, and fibre group, yesterday reported a 40 per cent increase in interim pre-tax profits to £23.53m, and revealed that it would take a strategic investment in a US company at a cost of £15.2m.

The stock market reacted favourably to the announcements and the shares gained 22p to close at 311p.

In its first move into the US, Vita will buy a 32 per cent holding in Spartech, which makes thermoplastic rigid sheet, speciality polymer compounds, and polyethylene film.

Spartech is based in St Louis, Missouri, and operates 12 factories throughout the US. In the year to October 31 1988, it achieved pre-tax earnings of \$4.5m on sales of \$322m. Net assets were \$18.6m.

Over the next three months, Vita will subscribe for 1.1m ordinary shares at a cost of £3.2m with the balance in convertible 7 per cent preference stock at a cost of £12m. On full conversion this will represent 32 per cent of Spartech's

enlarged capital. Mr Rod Sellers, finance director, said the investment in Spartech would allow Vita to expand in the US in a controlled way as it had previously done in Europe.

In the six months to June 30, Vita's turnover was 28 per cent ahead at £286.78m (£253.76m) while operating profits grew by 45 per cent to £21.45m (£14.85m). Mr Sellers said acquisitive growth accounted for about 25 per cent of this profit advance.

The interim dividend is lifted 50 per cent to 4.2p (2.8p). Earnings per share were 38 per cent higher at 12.47p (9.03p).

Vita said it had experienced some local dampening in the UK economy since the mid-year, but it was confident that growth could be sustained.

COMMENT
The City was clearly pleased that its worst fears about Vita's performance in a straitened economy had been founded; and that view, combined with the news of the US

investment, helped bounce up the shares yesterday. Nevertheless, worries linger about Vita's vulnerability to an economic downturn in the future and, in particular, the company is perceived to have a large exposure to the weak furniture market. Its strong overseas presence, however, will help to protect it and the diversity of its product range also reassures. On a prospective multiple of about 12.5 - assuming pre-tax profits of £48m - the company stands on the market average. Although Vita's strength of management and growth record suggests it deserves more, its shares are unlikely to move far ahead as long as it is shackled by cautious market sentiment. On a longer view, however, the shares look attractive, especially in the light of its "strategic keyhole investment" in the US. This will allow Vita to have a good peep around that market before it commits more funds - a strategy that has already proved successful in Europe.

GMEN makes agreed £12.4m offer for Broadcast Comms

By John Hidding

THE GUARDIAN and Manchester Evening News, the holding company which publishes The Guardian, is expanding into television production via an agreed £12.4m bid for Broadcast Communications.

Broadcast Communications, which is quoted on the Third Market, is one of the UK's largest independent producers. It currently makes Channel 4's Business Daily programme and recently won the contract to supply the television pictures from the House of Commons when live broadcasting starts in November.

GMEN already has investments in broadcasting - a 5 per cent stake in Anglia Television, the ITV contractor, and a 16.7 per cent holding in Miss World Group, which owns several commercial radio stations. But Broadcast will be its first

subsidiary in the sector and represents the establishment of a new business arm.

A spokesman for GMEN said that independent television production "offered considerable attractions". He said that there was increasing demand for independent productions as the result of broadcasting deregulation.

For Broadcast the deal provides resources for expansion. Mr Michael Graham, co-founder and chairman, said: "We can now think on a bigger scale and are looking at a number of acquisitions."

He said that nothing was imminent but that he would be "disappointed if nothing substantial was completed within the current financial year."

GMEN already holds 14 per cent of Broadcast's shares which, with the 37 per cent

held by Broadcast's management, gives it acceptance of more than 50 per cent for the 330p per share offer.

Broadcast's shares closed at 323p yesterday, down 20p from the 343p to which they climbed following the announcement earlier this month that it was in discussions which might lead to an offer.

On the basis of figures released yesterday, which showed a 35 per cent increase in Broadcast's profits to £454,000 for the year to the end of June 1989, GMEN is paying a historic multiple of 37 times.

Broadcast's management will continue to run the business. Mr Harry Roche, GMEN's chairman, and Mr Michael Unger, a director, will join Broadcast's board as chairman and non-executive director respectively.

Desoutter on target

Desoutter Brothers (Holdings), which last month accepted an £8.7m cash bid from Atlas Copco, disclosed pre-tax profits up from £3.6m to £4.5m in the half-year to end-June.

Sales totalled £27.04m (£22.79m) and after tax of £1.69m (1.33m) earnings per share worked through at 21.92p (18.14p). There is no interim dividend this time (3p).

£40m tag on Aspinall's freehold

By Lisa Wood

LEISURE INVESTMENTS, which has put its casinos up for sale, is to sell the freehold of Aspinall's, one of its three London outlets, for £40m to an unnamed foreign purchaser.

The casino, which is on the books at £60m, has the right to operate from the Curzon Street premises for up to two years at a peppercorn rent. Leisure has

already found long term leasehold premises to which the business can be moved.

Mr Edward Vandyk, Leisure's group chief executive, said he was holding discussions over the sale of the three UK casinos, including Aspinall's, with a number of parties. Interest has also been expressed in the casinos in

Istanbul, Cairo and Gibraltar. Last month Leisure warned that profits this year would be materially below expectations.

In announcing the sale of its casinos Leisure said it was over-dependent on revenues from them, which were depressed. Its other activities include health spas, snooker clubs, pubs and restaurants.

NEWS DIGEST

Haynes Publishing returns £3m
IN A YEAR when it produced over 171 new titles and made unprecedented levels of investment in the UK and US, Haynes Publishing Group lifted its pre-tax profit from £2.7m to £3m.

The increase represented 10 per cent, on turnover ahead 16 per cent to £15.57m (£13.42m). The UK produced turnover of £10.88m (£9.47m) and trading profit £2.11m (£1.93m) while the US figures were £4.69m (£3.95m) and £312,000 (£257,000) respectively.

Earnings moved up to 37p (36p) and the dividend is raised 2p to 19p, the final being 11p.

In view of the heavy investment in new titles, origination costs are being written off over the life of the first print run over five years, whichever is the sooner. Previously the costs were written off as incurred, and comparisons have been adjusted.

The group consolidated its

including some in regions outside the south-east.

Further growth was planned for the current year, which had started well. Some 400 contracts were under way covering a wide spread of commercial, industrial, retail and civil projects, many of which will continue over the next three years, he said.

Divergence between SPLIT asset values
Save & Prosper Linked Investment Trust has raised its net asset value per capital share to £10.85 at June 30, compared with 90p a year earlier, though the net asset value per income share was static on 10p.

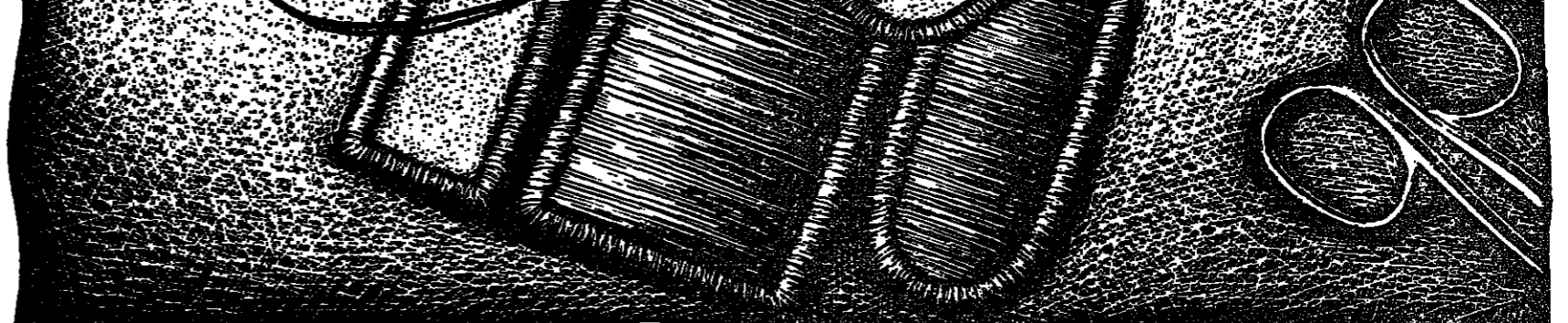
Net revenue for the year to June 30 amounted to £1.84m (£1.44m). Income from fixed asset investments came to £2.44m (£1.94m) and receivable interest from short-term deposits totalled £2,000 (£12,000). Earnings worked through at 35.12p (£7.51p). Total dividends for the year, already paid, amounted to 35.3p (£7.51p).

Corton Beach to buy US company
Corton Beach is spending £12m (£7.8m), to move into the US market, with the acquisition of Belam, a New York-based distributor of amusement machines and video games.

The acquisition will substantially expand the leisure side, which encompasses Deith Leisure, a video machines distributor in the UK, and Suzo in the Netherlands.

Initial consideration is \$1.5m and further profit related payments will be made to a maximum \$10.5m. This year Belam is expected to lift sales from \$8m to \$12m and profits from \$187,000 to \$400,000.

The company has excellent prospects for continued growth, said Mr Mike Keen, chairman of Corton Beach.



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FINANCIAL TIMES
EUROPE'S BUSINESS AND MARKETING

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The Directors of B.A.T Industries plc (with the exception of Mr Mark Weinberg, who is also a director of J. Redwood Holdings plc, one of the members in Hoylake, and has advised, stated that he is taking no part in any discussion relating to the Hoylake offer, are the persons responsible for the information contained in this advertisement. These Directors confirm that to the best of their knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this advertisement is in accordance with the facts and does not owe anything to any other person. The Directors of B.A.T Industries plc, other than Mr Mark Weinberg, accept responsibility accordingly.

UK COMPANY NEWS

**Evode pulls out because it cannot justify substantial investment needed
Polythene film deal for Scott & Robertson**

By Clay Harris

SCOTT & ROBERTSON, the largest producer of polythene film in Western Europe, is extending its interests in the sector through the purchase of the film and packaging activities of Evode Group, the plastic and chemicals company.

It also severed the last link with its original business, jute spinning, by selling Dundee-based Tay Spinners to management for £1.1m. In 1988, that company made profits of £286,530 before tax and interest on turnover of £3.58m.

The latest polythene deal is considerably smaller than Scott's £44m takeover of Alida Holdings in June, but it adds capacity for film used in deep freezing and mail over-wrap.

Scott is paying £2.44m for the businesses, which includes the refinancing of group debt, and Evode has also received a £2m cash dividend from them.

Evode said it was selling as the result of a review in the wake of its £37m purchase of Chamberlain Plugs, the shoe components and adhesives

company, in June.

Continued involvement in the sector would require substantial capital investment. Evode said it could not justify this in view of the overcapacity in the polythene film market and the resulting pressure on margins.

Evode separately sold the site of one of the film plants, at Billingshurst, West Sussex, for £2.5m. The £6.5m proceeds of two deals will increase net assets by £1.7m.

Evode had already

announced the closure of Billingshurst and plans to transfer production of building and horticultural film to Worcester.

Now, however, the work will be transferred to other Scott plants, and the plant at Worcester will concentrate on consumer-oriented products.

"We feel we will be able to rationalise this to the group's advantage," said Mr Cameron McLatchie, Scott chairman.

Scott planned to make a limited number of products in a limited number of plants.

The three film businesses, Carter Brothers, VMB and Sempol, made pre-tax profits of £783,000 on sales of £17m in the year to October 1 1988, but profits fell to £18,000 in the 10 months to July 29 because of the costs of combining Sempol and VMB at Worcester.

Evode is separately selling to Scott the order book, technology and equipment for high-quality polythene packaging which it had agreed to buy from Linpac. Scott will pay £600,000 plus cash for stocks.

Rutland improves 32% to £7.4m

By John Ridding

RUTLAND TRUST, the financial services group, yesterday announced pre-tax profits of £7.4m for the year to the end of June, an increase of 32.3 per cent over the comparable period.

All of the group's four divisions saw a good improvement but Mr Michael Langdon, chief executive, said that "the corporate finance activities proved particularly successful."

The head office and corporate finance division improved profits from £1.45m to £2.22m. This partly reflects interest earnings on the group's £9m central cash resources but also resulted from buoyant demand for corporate financial services.

division, which improved profits from £1.7m to £2.14m, Ellis & Buckle, the group's loss adjusters suffered from a low level of weather-related claims.

However, Mr Langdon said that instructions on major losses increased significantly.

Hunter & Partners, the surveying practice which was acquired last year was said to be showing "considerable growth."

Group turnover increased from £37.7m to £46.57m. Fully diluted earnings per share increased from 1.47p to 1.8p and there is an interim dividend of 0.27p (0.21p).



Michael Langdon: all divisions saw improvement

The insurance broking and personal financial services division raised profits from £1.48m to £1.82m. About £1m of this came from PET 8 the group's enterprise zone investment product.

The asset financing division increased profits from £1m to £1.35m despite the impact of higher interest rates on demand for equipment leasing.

In the professional services

division, which improved profits from £1.7m to £2.14m, Ellis & Buckle, the group's loss adjusters suffered from a low level of weather-related claims.

However, Mr Langdon said that instructions on major losses increased significantly.

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weather gods. But Rutland's activities are well spread, this winter can be no milder than last year's and the stronger divisions show no signs of slackening. Even without expected acquisitions pre-tax profits should reach £15.5m this year and £19m in 1990, plus shares on a prospective multiple of 11, falling to 9.

While this represents a premium to the sector it is too low on the basis of earnings and management.

Norfolk issues FFr80m writ over purchase of Paris club

By Andrew Bolger

NORFOLK CAPITAL GROUP, the hotel company, has issued an FFr80m writ against Mr Peter de Savary concerning the St James's Club in Paris, which Norfolk bought from Mr de Savary two years ago.

Mr Peter Eyles, Norfolk's managing director, said questions had arisen over the club's planning permission, which was covered by warranties issued by Mr de Savary. The warranties were due to expire on September 16, and Norfolk had decided to serve the writ on Mr de Savary to protect its position.

Mr de Savary yesterday insisted that he sold St James as a residential members' club, for which all the planning permissions were in order and had been fully checked by Norfolk's lawyers at the time of the sale.

He added: "The fact that

Norfolk has got into trouble with the French authorities for running the club as a hotel has nothing to do with me." The Paris club was bought, together with the St James Club in London, for £22m. Norfolk last year lost £1m on the club, which is situated near the Champs Elysees. It charges £250 for membership, which has been booming, but room occupancy levels have been very low.

Norfolk is claiming compensation representing the difference between the club's present value and its worth if it had the necessary planning approvals. It is also seeking compensation for fines and costs it may have to pay.

Mr de Savary said he would resist Norfolk's action most vigorously and resented the fact that the first thing he knew about the claim was when he received the writ.

Midway profit lifts Sherwood share price

By John Thornhill

SHARES OF Sherwood Computer Services yesterday rose 13p to 118p, as the USM-quoted computer bureau and software development group returned to profitability in the half year to June 30 with £280,000 pre-tax.

In the comparative period the group incurred a loss of £1.52m because of problems of two newly-acquired subsidiaries, Corporate Technology Group and MTRIX.

Earnings were 7.7p (loss 29.7p) and dividends are resumed with an interim of 0.75p.

The group is focusing on three vertical markets: local government, retail financial services, and Lloyd's and London insurance; and on three horizontal markets: software development, networking, and operations.

It is also planning to sell the high street broking side of the MTRIX business, which is still incurring losses.

New products had been launched and markets were buoyant. Mr Trevor Entwistle, chairman, was confident that the outcome for 1989 would show the work done over the last year had laid solid foundations for the future.

Glamor buys leather goods distributor

By John Thornhill

GLAMOR OF Sherwood, the Leeds-based hosiery supplier which is being revamped by Mr Stephen Barker, the former managing director of Albert Fisher, is to acquire a leather goods distribution company for £4.75m in cash and shares.

The company being purchased is L & D Holdings (Jersey), which has trading subsidiaries in Manchester and Koyloon, Hong Kong. The company distributes over 200 lines of leather goods - mainly purses and wallets - to about 250 retailers in the UK.

In the year to March 31, L & D made pre-tax profits of £2.03m on turnover of £8.58m. Net assets at that date were £714,000.

The acquisition follows Glamor's recent diversification into the leather goods market by means of the purchase of Triad Leather, in April, and Symphony International, in July.

FT Share Service

The following security was added to the Share Information Service in Saturday's edition: Danbury Group (Section: Buildings).

Noble Raredon hit by start-up costs

By Vanessa Houlder

NOBLE RAREDON, formerly Gnome Photographic and now controlled by Mrs Bilge Nevzat, sister of Mr Asil Nadir of Polly Peck, yesterday reported a fall in pre-tax profits from £487,000 to £124,000 for the year to May 31.

The decline, scored on turnover of £4.75m (£2.55m), was ascribed to start-up costs resulting from a move into the leisure industry.

Mrs Nevzat said that the reduced profits were in line with expectations at this stage in the company's expansion programme. "For the next six

months we would like to see everything that we have started working and showing some profit."

The sole source of profits was the overseas projector business, originally part of Gnome. This increased turnover by 28 per cent. The company said it was investing in new models for the UK and European markets.

The Mosaic Tour Operating business, established in London and West Germany to serve markets in Turkey and northern Cyprus, started operating in March. A shortfall in

demand from the UK was offset by higher than expected bookings in West Germany.

Mrs Nevzat, who assumed control last May, launched a £5m rights issue in March to finance a 51 per cent stake in the Sunset Holiday Village, a Turkish tourist development and the development of a site in northern Cyprus. The latter village is on schedule to open in May 1990. The first stage of its hotel, on the Turkish Aegean coast, in July.

Earnings per share fell from 2.1p to 0.48p. No dividend is declared.

NEWS DIGEST

Ward White as forecast with £34.3m

WARD WHITE, the retail group, reported interim pre-tax profits of £34.3m, a rise of 24 per cent on the comparable £27.7m.

The result almost matched the forecast made during its unsuccessful defence against the £900m bid from Boots, the retail and pharmaceutical group.

Turnover for the six months to the end of July was £405.6m (£242.3m). Earnings per share were 14.6p (9.4p) or 12.2p (10.4p) fully diluted. No interim dividend is to be paid.

The pre-tax figure included operating profits of £2.3m (£1.2m) from retail property and developments. Net extraordinary charges of £500,000 (£17.1m credits) related to loss on disposal of listed investments but did not include any costs in connection with the defence against Boots.

Interest charges were higher at £5.2m (£3.1m).

automotive trading, and finance and property companies, has acquired RFA (Penistone), a distributor of industrial consumable products for a total consideration of £5.75m.

This is to be satisfied through the issue of £2,468,400 in floating rate redeemable guaranteed loan notes 1994 (redeemable at the option of the holders at six monthly intervals commencing June 1990), the allotment of 455,850 ordinary shares in Robinson, and the payment of £111,600 cash.

In addition, certain vendors are to be paid £170,000 for the freehold property in Penistone.

The principal vendors have warranted that RFA's profit before taxation for the year to December 31 1989 will not be less than £1.2m.

(£14.65m) and trading profit came to £1.25m (£520,000).

Mr JP Donelon, chairman, said substantial progress had been made towards creating a strong construction related group. A dividend of not less than 0.75p is forecast.

Acquisition of two major industrial sites at Aintree and Skelmersdale, with their substantial development potential, will further the progress of the property division.

Sanderson Murray drops to £118,000

Sanderson Murray & Elder (Holdings) suffered a fall from £214,000 to £118,000 in pre-tax profits for the year to June 30.

Furthermore, the company, involved in woolcombing, top-making and merchandising, both wool and man-made fibres, said that during the second half there had been no improvement from the low volumes and margins reported at the interim stage.

Turnover declined from £6.55m to £5.74m. After tax reduced to £12,000 (£39,000), earnings worked through at 5.5p (8.1p).

The dividend for the year is being held at 5.5p.

The extraordinary credit of £72,000 (debit £4,000) related mainly to surplus tax provisions on previous extraordinary items.

Continental boost for Spandex

An 11 per cent rise in interim profits was achieved at Spandex, the USM-quoted marketer and distributor of computer-aided sign-making equipment.

In the first half of 1989, Spandex made £3.08m (£1.85m) pre-tax on turnover up to £18.81m (£13.74m). Earnings rose to 12p (10.8p) per share, and the interim dividend is held at 1.5p.

Sales in computers rose to £7.24m (£5.08m), in consumables to £9.33m (£8.65m), and in Ultramar, the adhesive products subsidiary, to £2.24m (£2m).

Continental Europe especially showed strong growth, the company said, adding that further investment would be made in the European companies in the second half.

All-round growth at Donelon Tysons

An encouraging start has been made by the new Donelon Tysons Group, with good progress on all fronts, report the directors. First interim figures, to June 30, showed pre-tax profits of £1.04m.

Donelon took control of Tysons in 1987 when rescuing it from severe financial problems. In May its offer for the balance was declared unconditional and full results have been included since. Profit in the comparative half-year was £484,000.

Turnover was £24.18m

Thomas Robinson £5.75m acquisition

Thomas Robinson, the holding company with interests in process engineering, wood engineering, specialist engineering,

vita

PROGRESS REPORT
SIX MONTHS TO 30 JUNE 1989

21st CENTURY MATERIALS AND TECHNOLOGY TODAY

Turnover £287m UP 28%*

Profit before tax £23.5m UP 40%*

Earnings per share 12.47p UP 38%*

Dividend per share 4.20p UP 50%*

*compared with first 6 months of 1988

CHAIRMAN'S COMMENTS

- Strong organic growth in UK and Europe
- Acquisitions contribute to results
- Strategic USA investment
- Trading levels remain good overall

Copies of the Interim Report can be obtained from the Company Secretary, BRITISH VITA PLC, MIDDLETON, MANCHESTER M24 2DB

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Waterman results for year to 30 June 1989

Profits up 46%

	1989	1988	Increase
Work done	14,958	10,287	44%
Profit before taxation	5,523	3,778	46%
Taxation	(1,944)	(1,847)	
Profit attributable to shareholders	3,579	2,491	47%
Dividends	1,145	286	
Dividends per share	6.0p	1.5p	
Earnings per share	18.8p	13.9p	35%

Chairman, Andrew Thomson, Reports:

I am delighted to be able to report another highly successful year for the Group in which we have achieved further strong growth while maintaining our profit margins. This reflects the high regard in which the services of our company are held and the expertise and hard work of our management and professional staff.

I was particularly pleased with two aspects of last year. Firstly, we continued to be successful in winning larger value projects and our market share has increased in this area. Secondly, we were increasingly successful in winning commissions in the regions outside the South East and we are currently working on such projects as the

the Thimworth Town Centre Redevelopment and Carlake Market Centre.

The current year has started well. We are working on over 400 projects, covering a wide spread of commercial, industrial, retail and civil projects, many of which will continue over the next three years.

Waterman Partnership Holdings PLC
46-47 Buncriffs Road
London SE1 8PN
Telephone: 01 923 7888

The contents of this statement for which the Directors of Waterman Partnership Holdings PLC are solely responsible, have been approved for the purposes of Section 57 of the Financial Services Act 1986 by Pricewaterhouse as authorized persons.

FINANCIAL TIMES SURVEY

Years of rapidly rising sales are coming to an end as costs continue to rise and markets have become more competitive, writes Maggie Urry. The industry is tackling these problems, with varying degrees of success, while undergoing structural changes.

Hard times on high street

THE CRUNCH has come for retailing. Hard times have hit the industry in its very markets where it is most highly developed - the US and UK. The pressure on consumer spending from governments determined to control inflation, has put a strain on the profitability of the core groups.

At the same time the industry is undergoing structural changes. It is increasingly becoming an international industry, although it is well behind other important sectors such as electronics or pharmaceuticals where there is already a small number of global players.

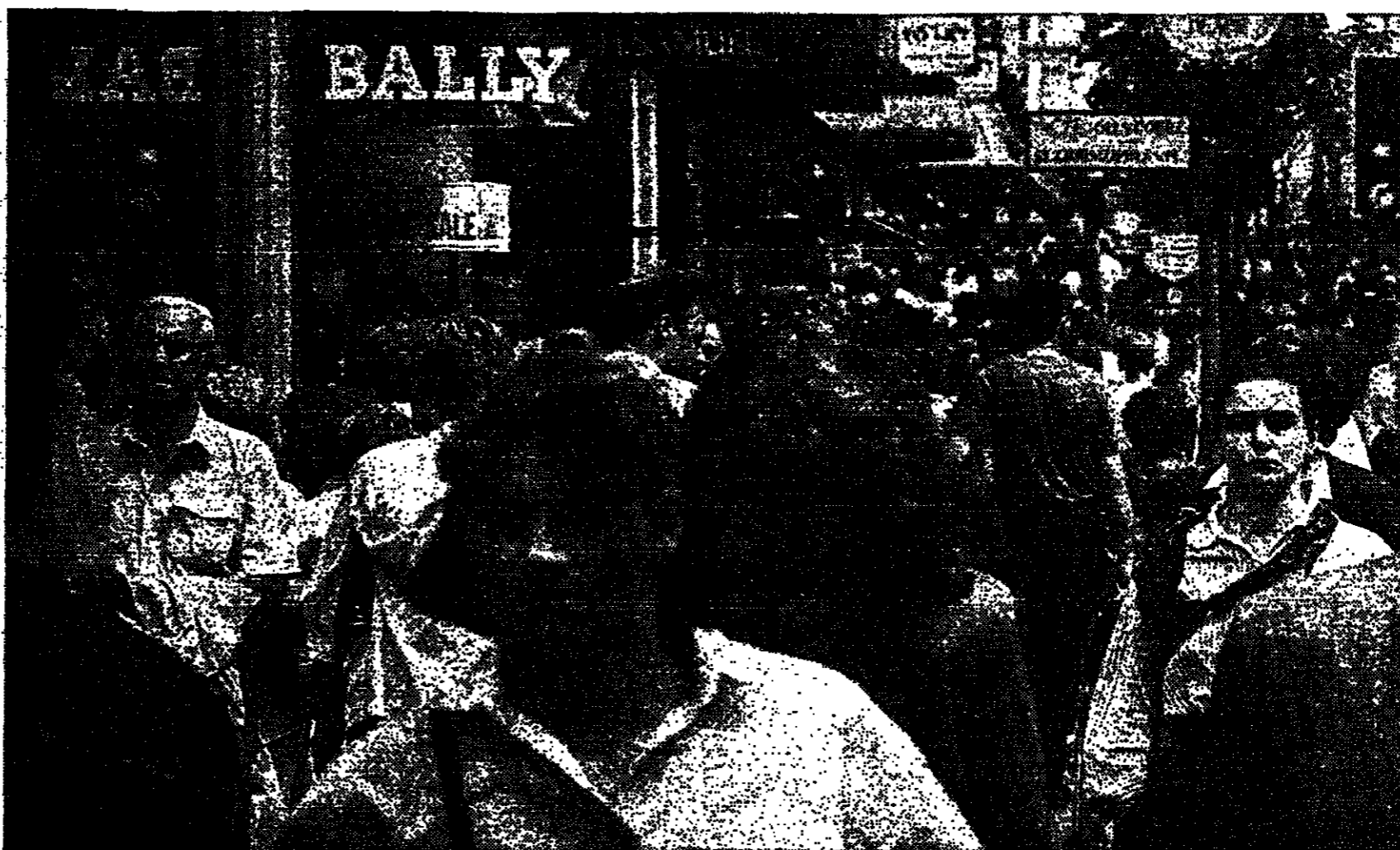
In Europe retailers are beginning to face the issues presented by 1992 - when 12 national markets will start to merge into one single market. Some are discussing co-operation between store companies in different countries, and this is the possibility of mergers across borders.

Within national markets retailers are encountering the forces of conglomeration, with merger and acquisition activity still high. In many cases control is being wrested from old-style "retailer entrepreneurs" and being taken by the new breed of hard-headed managers which regards retailing as a

business like any other. In many countries the industry has been highly controlled, not surprisingly given the vital role retailing plays in most economies as the main conduit for goods from manufacturers to consumers. A look at the Japanese retail scene shows that even in a highly fragmented and tightly restricted market the same forces are at work.

While in a number of countries - including much of Europe - consumer spending is still buoyant, retailers in the US and UK are well into the tougher trading conditions which were predicted last year. Profits from some leading retail groups - such as Storehouse, Next and Dixons in the UK and K-Mart in the US - have fallen. Although the hope is for a "soft landing" in both the US and UK, there are fears that in the latter country particularly, another recession could be on the way.

Retailers which have enjoyed many years of rapidly rising sales now have to face the task of making progress in highly competitive markets, working against rising costs. To counter these difficulties, retailers are more and more picking up the weapon of information technology.



RETAILING

The retailers' problem is severe because of the way retailing works, with high operational gearing. A high level of fixed costs - such as property and staff costs - means that relatively small increases in volume work through to large rises in profits. But this works in the opposite direction too. When sales volumes fall, profits fall much more rapidly. That explains retailers' desperate efforts to sell goods, even if prices are cut to a level where extra sales are made at a tiny gross margin.

At the same time retailers are facing cost rises which are in many cases higher than the rise in selling prices. The competitive market means that prices of goods in shops are often not rising as fast as general inflation. But in some places wages and rents are rising faster than inflation. In the

UK retailers have the prospect of a reworking of business rates next year which will also increase costs, although this problem has been somewhat overplayed. These two factors are squeezing retailers' margins uncomfortably. The more imaginative stores are working on ways to counter them, by boosting sales and containing costs. Even Sears Roebuck, the biggest retailer in the world, has cut staff numbers by hundreds in an effort to reduce costs.

One of the greatest problems for stores is how to persuade people to come to one shop rather than another, when in most cases there is little to choose between them. On a high street or in a shopping mall it is simple for a customer to switch. When the market was booming shops were happy to copy each other, now ways of appearing different are

being sought. Improving service is one obvious method, in an age when the best service a shopper is likely to find is in a self-service store. At one extreme, Wal-Mart, the fastest growing store group in the US, has a full time "greeter" at the entrance to each store welcoming shoppers as they come in rather like the phalanxes of bowing staff in Japanese department stores. Many retailers are putting an emphasis on training staff to be more responsive to customers needs. Technology is coming to the aid of customer loyalty. Regular customers can be identified and offered discounts or incentives to keep coming back.

Information technology is vital to retailers efforts to stock the right goods, in the right quantities at the right times. Retailers are beginning to recognise the revolution

that electronic point of sale systems will bring to the business. Both Boots and W H Smith have reported improvements in profits which they ascribe to the introduction of Epos.

On the simplest level Epos, which logs every sale by item on a computer, acts as a much more efficient stock control system than can ever be achieved by hand-counting of goods. That means that stock can be ordered more rapidly to replenish shelves, and slow-selling lines can be quickly spotted and removed or reduced.

By tying the sales information into the distribution system and back to suppliers, shops can expect a faster response time and can therefore hold lower stocks, saving in some cases millions of pounds. Additionally, staff time is saved by doing away

with price-marking of goods - although this can cause problems if prices displayed on shelves do not match up with the prices in the computer memory.

But the information made available from Epos has considerably more far-reaching potential than that. Mr Mark Henson, retail analyst at Morgan Stanley, the investment banking group, says that Epos "holds the key to retail profitability."

Retailers can use the system in many ways. These include adjusting gross margins or running promotions and monitoring the effect on sales; combining the sales information with "direct product profitability" (DPP) techniques to assess just how much profit each line makes; finding out the busiest times of day so that part-time staff can be organised most cost effectively.

The high street battle for customer loyalty is good news for shoppers - it has seen the stores improve their service and lower prices

One idea which stores are picking up on, and which will only become possible on a wide scale because of Epos systems, is "micro-marketing" - when chain stores tailor their product ranges to local markets. A multiple group may have shops in widely different areas in terms of local competition, spending power, levels of employment, and socio-economic mix. It does not make sense to offer the same product range in each shop.

Others are using information culled from existing stores to enable them to stock new stores more accurately. With the aid of technology a new store can be designed on screen even before the walls have been built.

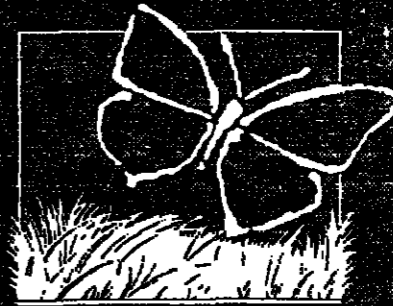
Armed with these sorts of skills, retailing is becoming more a business based on facts rather than the old idea of "gut feel" or flair. Some of the leading personalities in retailing have suffered reverses - Mr George Davies, the man who created the once highly successful Next chain, has been ousted.

Instead retail groups are being run more like other consumer businesses, with managers seeing shop identities as brands which need to be nurtured like soap powder or whisky. Even the homespun reputation of the head of Wal-Mart, Mr Sam Walton, is more than anything else a disguise veiling a highly organised and efficient company.

This has encouraged retailers to make more acquisitions, scorning the old theory that a company which succeeded in one area of retailing had no guarantee of success in another. Boots' recent takeover of Ward White was motivated by the idea that if Boots has retailing skills these can be applied to any retail business and not just chemist stores. A similar conviction has persuaded retailers to make acquisitions across national boundaries, using skills developed in the home market, adapted to local market conditions.

Highly competitive markets will sort out the winners from the losers in retailing, with the winners likely to make the most of the opportunity to capture the losers' market share or even acquire them. Though there will always be room for new entrants into the market with bright ideas - because the entry cost of opening a single shop is modest - the move towards larger groups, and the breaking away from national limits is likely to accelerate.

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RETAILING 2

Knives are being sharpened over stakes in the UK food sector, says Maggie Urry

Giants prepare for a battle royal

THE BRITISH food retailing market is in a state of flux. The two leading players - J. Sainsbury and Tesco - seem to have secured unassailable positions. But the fight is on for the other places in the pecking order. Since it takes annual sales of about £350m to gain a 1 per cent market share, the struggle is a battle of giants.

In the last few months there has been an extraordinary level of corporate activity in the sector. The most important move has been the £2bn leveraged buy-out of Gateway, which had held third place in the market, by Isosceles, a company headed by Mr David Smith who had masterminded the Budgens bid for Gateway a year earlier.

Consequent upon the Gateway takeover, Asda itself has sold 62 of the largest Gateway stores, and a warehouse, to Asda for £705m. This means Gateway losing annual sales of £1bn, and so slipping down the order while Asda moves up.

Many expect that further parcels of stores will be sold off as Isosceles struggles to pay off its mammoth debts. Indeed, some see the old Gateway becoming less and less of a force in the market providing a softer target for others to expand. The big five grocery retailers could become the big four, each with over 10 per cent of the market.

Meanwhile, Asda itself has been the subject of bid speculation. And a merger between two regional groups - William Low, whose stronghold is Scotland, and Budgens, based mainly in southern England - was first agreed and then suddenly broken off.

At the start of the year Iceland took over rival frozen food retailer Bejam, and Kwik Save bought Victor Value.

Argyll has been busy transforming its Presto stores to the Safeway format which has the strongest consumer franchise. Since Argyll took over Safeway in February 1987 it has moved up the league table and is reporting strong growth in sales from the converted stores.

Marks and Spencer, which has for years sold food in its chain stores, is now planning a chain of 100 up-market food-only stores, which some estimate could give it food sales of £1bn a year.



The fight is on in the food retailing pecking order where it takes annual sales of about £350m to gain a 1 per cent market share

At the same time, Aldi, one of West Germany's leading food retailers, has been planning a determined push into the UK market with its cut price, limited range format, apparently prepared to suffer losses for years if necessary in order to secure a foothold in the market.

Tengelmann, another German food retailer, became involved in the Gateway bid through its US grocery subsidiary the Great Atlantic and Pacific Tea Company (A & P) which was part of a rival bidding consortium for Gateway.

Some observers speculate that either Tengelman or A &

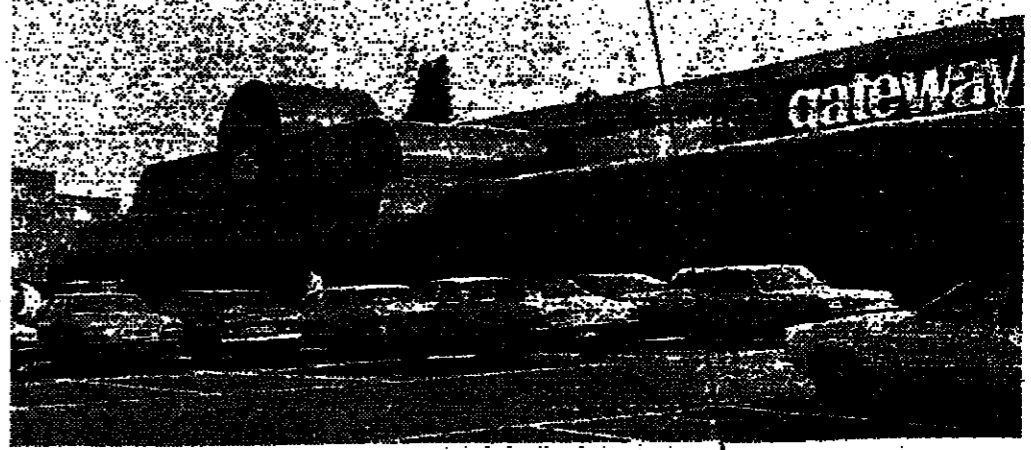
P will now look for another way into the UK market, most probably through an attempt at acquiring another retailer.

It is not hard to see why all these groups want to increase their market share. The food retail market has not simply been immune from the problems of the rest of British retailing caused by the constraint on consumer spending; food sales have actually been rising throughout the hot summer - perhaps because fewer people are taking foreign holidays and enjoying barbecues in the garden instead, perhaps because consumers are indulging in food at home having

traded down from eating out or buying expensive items.

British food retailers' profit margins are high. And in spite of the fierce competition between the players, there has not been a price war. Although keen prices are part of almost every food retailer's armoury in the fight for the hearts, minds and purses of shoppers, the thrust of competition is in other areas.

One important issue on which food retailers aim to compete is service. This includes things such as electronic point of sale technology which allows a swifter exit from the store, provides item-



Gateway, which had held third place in the market, was the subject of a £2bn leveraged buy-out. Leading stores view 1992 with some uncertainty

Single market stock take

THE CREATION of the single market in 1992 is unlikely to have an impact on day one. But it is already influencing decisions in all areas of business, and seems destined to become of material importance to companies large or small operating within Europe.

At first sight it is difficult to see how the actual provisions of the single market will have much effect on retailing. It is by its nature an industry which must be close to consumer tastes, and the single market is not about to homogenise a wide variety of local tastes. At first, little was said about the relevance of 1992 and the removal of trade barriers to retailing - historically an industry largely confined within national boundaries.

There will be some benefits in the freer movement of goods across frontiers which the European Commission has estimated could reduce distribution costs by 5 per cent. This could make pan-European sourcing simpler. Cross border expansion will become easier and joint ventures and franchising will be less cumbersome.

More important, as Price Waterhouse, the management consultant, points out: "The effect has been to wake retailers up to the opportunities of going into Europe. Similarly, Copers & Lybrand, a management consulting group which has carried out much research on 1992, says the most important effect of 1992 is one of attitude.

In many ways the change in attitude will be less marked for retailers in continental Europe than for those based in Britain. On the Continent, retailers have been far less intimidated by national borders and more prepared to add links to their chains across frontiers. Carrefour, the French hypermarket retailer, for example, is also a leading operator in Spain.

British retailers appear to have found the sea much harder to cross. At the same time they have had more scope to develop at home, free of the restrictive laws on shop openings which are seen in some countries of the north European mainland.

Overseas moves by British retailers have been largely aimed at the North American market, where the language differences are less intimidating. Of the few British moves into Europe, even fewer have been successful.

There are structural differences between UK and mainland retailing. While mainland European retailers have been active in combining in buying groups and voluntary groups, such as Spar, British retailers have developed multiple retailing to a far greater level. Where most large British retailers are publicly quoted, and so capable of being taken over, many European companies are privately owned making it harder for outsiders to acquire them.

Earlier this year, however, a co-operation agreement was announced by three food retail-

ers, one of which is British. The three - Royal Ahold, of the Netherlands; Casino, based in France; and Argyll, the British group which owns Safeway, Presto and Lo-Coet - said they would discuss working together on a wide range of operational fronts, including buying. Other food retailers are joining the threesome. The link became more formalised with the recent announcement of a cross-shareholding between the three.

The importance of combining buying power is likely to increase as food and consumer goods manufacturers merge and as they come to regard Europe as a single market. While retailers, particularly

At first sight it is difficult to see how the actual provisions of the single market will have much effect on retailing

With the Community different priorities are seen as being more or less attractive. The northern mainland markets are fairly congested and opening shops can be made difficult, for instance by the Loi Royer in France and the Loi de Cadastre in Belgium, laws which restrict the number of shop openings.

Many mainland retailers have been attracted to the UK by the high profit margins which companies seem able to generate there. There have been a number of successes such as C&A, H&M, and Bennetton. The prospect of more competition means that even the most head-in-the-sand British retailers must realise that 1992 has a significance for them.

Other attractive areas are seen to be the southern European states where retailing is less well-developed, and population and/or consumer spending growth is faster than in the rest of Europe. Already there has been much movement into Spain, for example, with British groups including

One type of retailing may be more amenable to moving across borders than other - mail order, which needn't open shops but can use satellite television to display goods to potential customers.

Already the large European home shopping companies, such as Great Universal Store in the UK, and Otto Versand in West Germany, have operations outside their home country, although these are largely operated as separate businesses. Further cross-border moves have been seen, such as La Redoute, the French mail order company, taking a large stake in Empire Stores in the UK.

The coincidence of 1992, which should bring an approximation of value added tax rates, and of improving technology, such as widespread shopping from home via television and telephone links rather than by post as the French have pioneered with Minitel, makes mail order an obvious winner from the single market.

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Stockbroking analysts are expecting the sector to show further strong profit growth. The leading groups are thus able to finance huge expansion programmes to gain increased market share. The fear that this would lead to an oversupply of food retail selling space and therefore even more intensive competition seems to have receded.

Superstores, the massive food shops which generate for their owners higher turnover per square foot of selling area and higher net margins, are no longer seen as the only successful format. The leading groups continue to shift their store portfolios towards the larger units which provide "one-stop" shopping.

But the policy of Gateway's new management is to concentrate on smaller supermarkets, sited closer to the shoppers' homes rather than on edge-of-town or out-of-town sites which are suited to car-borne shoppers.

Whether this policy is generated by the necessity of selling superstores to pay off debt, or not it is one shared with others of the smaller food retailing groups. The aim is to provide customers with a more convenient store which still carries a wide range of goods at competitive prices so that shoppers have a local alternative to superstores.

At first sight it is difficult to see how the actual provisions of the single market will have much effect on retailing

those in the UK, have often held the balance of power against manufacturers, this could now swing the other way.

D'Arcy Masius Benton & Bowles, the advertising agency, says that suppliers of, for example, confectionery, toiletries and packaged groceries, are increasingly able to package and present products for the consumer as a whole. Satellite television is likely to make pan-European launches of brands more common.

DM&B says: "Insofar as no UK retailer, no matter how big at home, will be able to dominate the single market, then the balance of power may shift back towards the supplier, especially one that is strong across several national Community markets."

There may also be benefits in groups combining their distribution operations, with the suppliers delivering goods into central depots. In the future Britain may come to be reclassified as part of north west Europe.

Maggie Urry

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JAPAN

Stores brood over big ideas

FOR A long time Japan's byzantine, xenophobic and inefficient retail industry had been expecting a shake-up. But no-one was prepared for the magnitude of the changes proposed in July by the unlikely figure of Mr Shigeru Kobayashi, the president of Shuwa Corporation, a privately-owned real estate development group.

1 per cent of national retail sales.

But when the rationalisation and merger spree is over in the late 1990s Japanese retailing should look a lot more like its US or European counterparts, with the industry dominated by a handful of gigantic, efficient and profitable groups with unparalleled buying clout and marketing muscle.

New retail giants, such as the one proposed by Mr Kobayashi, are unlikely to emerge in great numbers. The Tokyo office of brokers Swiss Banking Corp International suggests that the leading 15 to 20 largest retail groups will use their superior access to capital and expertise to grow even larger by gobbling up small, regional operators at an accelerating pace.

The typical pattern which may develop is for a large superstore to take a minority stake in a smaller, regional operator, after several years, to fold it into the group, a report Swiss Banking Corp report suggests.

Most analysts are tipping the existing giants, Daei, Ito-Yokado, Seibu-Saison and Jusco

as the ones that will be able to maintain and build upon their pre-eminent positions.

The only medium-sized retailer that is expected to leap into the big league is the ambitious Osaka-based Nichi. It plans to develop 70 company-owned retail and leisure complexes in the next five years, boosting floorspace by up to 700,000 sq metres, and to more than double turnover to more than ¥2,000bn by 1994.

The fragmentation of Japan's retailing and distribution industries stems from a mixture of cultural, social and political factors. Densely crowded cities and towns, with their lack of infrastructure and proliferation of tiny apartments (with tiny refrigerators), have forced most women to shop daily. Although more than 60 per cent of women work this habit endures.

Most Japanese do their shopping for the sake of convenience in the local "sho-ten-gai" shopping street, composed of a chaotic collection of extremely small speciality stores. Customer loyalty to individual stores is high. More than 70 per cent of Japan's

retail sales are conducted through small stores, which typically have a floor space of less than 50 sq metres. More than 1.6m pocket-sized "mom and pop" stores cram the narrow main streets of Japanese cities.

As these Lilliputian stores are almost impossible for manufacturers and wholesalers to reach directly, a whole industry of secondary wholesalers and tertiary wholesalers has emerged to provide daily deliveries of small quantities of goods.

A typical consumer item - such as a colour TV or woollen sweater - that might pass through two or three sets of hands in Europe or America could be handled by up to six different companies in Japan. Japan's wholesale sales to retail sales ratio - the ratio of total sales in the wholesale industry to those of the retail industry - is four, compared to 1.75 for the US and 2.13 for the UK.

The length of the distribution chain is not the only distinguishing feature of the Japanese industry. Retail price maintenance - illegal in most parts of the world - is brutally enforced by leading manufacturers and wholesalers. Most retail and wholesale groups operate an exclusive "chō-shū" system of favoured suppliers. Relationships between retailers, wholesalers and suppliers, frequently cemented by cross-shareholdings, are further bonded by close personal ties between executives. Golf games and evenings in expensive hostess bars are weekly team-building events.

The relationships between manufacturers and retailers are especially close in the areas of electrical goods, liquor shops and clothing. In all three of these areas manufacturers provide (and pay the salaries of) their own staff who work on secondment as sales assistants in big stores. According to one recent report, 450 of the total staff of 500 in a big Tokyo electrical goods store are employees of domestic manufacturers.



The small store still dominates Japan's high streets

entrepreneurs establishing vertically-integrated chain stores, but their growth caused an uproar in the trade and the government passed the Large Scale Store Opening Law in 1974 to slow them down.

The law makes it very difficult to open stores. Every planned store of more than 500 sq metres must be approved by city or prefectural government. Any store of more than 1,500 sq metres must be approved by the Ministry of International Trade and Industry after consultation with local store owners.

Local store owners have been able to use the consultation clauses of the law to delay store openings for up to 10

years and also bargain with the ministry to reduce the size of the few new stores that make it through the planning maze.

In addition to these national laws, local governments have also rushed to implement tough zoning rules that make big store openings even more difficult. At least 75 applications and 25 certificates are required before a store can open - leaving plenty of room for objectors to delay and obstruct.

The political and social environment that allowed Japan's small store owners to freeze in time the retailing and distribution system is changing rapidly and is under threat from various quarters.

As part of its "Super 301" trade action against Japan launched last May, the US Department of Commerce insisted on an examination of Japan's distribution system and other structural barriers to imports. It is a foregone conclusion that the eventual report of this study will criticise the system as a barrier to imports.

The US is already applying strong pressure on Japan to implement reforms and other foreign countries are joining the cause. Adding to the foreign pressures are new domestic forces, especially the emergence of convenience chains.

Convenience chain stores such as Seven-Eleven, Family Mart and Lawson - controlled by the leading supermarket or department store groups - have been able to slip in under the legal fences and are already taking their toll on the traditional small stores. Their number is expected to grow by more than 30 per cent to over 24,000 over the next few years and Jardine Fleming Securities predicts that industry sales will double to about ¥4,000bn by the mid 1990s.

A gradual breakdown of the effectiveness of the Large Scale Store Opening Law, under foreign and consumer pressure, is also serving notice to the "mom and pop" industry. Few retailers expect the law to be abolished, instead most see a gradual weakening of its applica-

tion and a stronger ministry bias towards encouraging supermarket openings.

The MITI has begun to turn a blind eye towards supermarkets that stay open beyond the legal closing time. This is a blow to small stores because much of their trade comes after the 6 pm mandatory closing time for supermarkets.

Sensing that change is in the air, the big supermarket chains are stepping up their new store opening plans. Applications before the MITI to open supermarkets are rising rapidly as developers believe that the once typical five or seven year

Japan's retailing and distribution industries operate like a giant private club

waiting period may be whittled back to as little as two years.

The few "mom and pop" stores that can withstand foreign pressure, deregulation and the onslaught of the convenience chains over the next decade will probably be unable to counter another force behind industry rationalisation - death.

Buying a small store was for several decades the retirement choice for hundreds of thousands of pensioned salaried workers. But today the greying proprietors of "mom and pop" stores are unable to persuade their sons and daughters to take over the business. Most of the estimated 100,000 stores which pull down their shutters for the last time each year close because of the age, infirmity or death of the owner. In today's climate of full employment, the sons and daughters of the "mom and pop" industry have no interest in spending the rest of their days in a non-air conditioned wooden building in the Sho-ten-gai. And those retirees who once would have bought into the business now have plenty of new financial products in which to invest their lump sums.

Rea Brown

UNITED STATES

Troubled grande dames

FATE HAS not been kind to would-be retail magnates. A slump in the US retail environment which coincided with the height of takeover fever has left the highly leveraged operations with the double burden of high debt and slow sales. Although the two year slump appears to be over, the recovery may not be dramatic or fast enough to help the flagging and indebted businesses. The big department stores are also facing stiff competition from a number of successful speciality operations.

The takeover trend peaked in 1986, when Mr Robert Campeau, the acquisitive Canadian investor, bought up Allied Stores and with it some of New York's biggest department stores for \$3.5bn. The deal was financed largely by junk bonds. A year later Mr Campeau added Federated Department Stores, including Bloomingdale's, to his stable for \$6.6bn.

As the cash flow has started to dry up at Federated, and Allied, their problems have magnified. According to Ms Michelle Davis, an analyst has been to shift corporate headquarters from high-rent to cheaper locations. J.C. Penney has moved its new corporate headquarters to Dallas, and Sears is vacating its landmark downtown Chicago building for a home in the suburbs.

Analysts expect the recent changes at J.C. Penney to begin paying off this year. Among the other restructuring steps have been closing poor performing businesses, discontinuing hard good product lines and modernising management information systems.

Sears, the world's largest retailer of general merchandise, has fallen on hard times. Earnings have fallen at an annual rate of 7.7 per cent for the last five years. The company plans to sell its Sears Tower property and introduced

suffered from the sluggish US retail market. Furthermore, analysts say that the recession of different owners for both outfits has hampered their development.

The two old New York retailers have kept merchandise in the stores by paying suppliers ahead of delivery but their survival is far from certain.

Several department stores are reaping benefits from the troubles of their competitors, such as Nordstrom, Dillard and May which have gained market share in the department store

The majority of the department stores are losing market share to speciality outfits

sector, but the majority are losing market share to speciality outfits. The grande dames of retailing have cut costs and examined their selling techniques to remain competitive. A popular cost-cutting move has been to shift corporate headquarters from high-rent to cheaper locations. J.C. Penney has moved its new corporate headquarters to Dallas, and Sears is vacating its landmark downtown Chicago building for a home in the suburbs.

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lower prices in March to lure bargain-hungry shoppers.

While this may take its toll on gross margins, Sears hopes to make up the difference with increased volume and lower selling expenses. The company is also buying back stock.

In addition to being hit by the depressed retail environment, department stores have been hurt by the growing popularity of speciality competitors. The GAP and Limited Inc are two prime examples. Both have seen market share grow at a faster rate than conventional department stores.

The Limited, one of the largest women's clothing specialists, was impervious to the decline in the women's clothing market and saw annual sales rise from \$2,350m in 1985 to \$4.1bn last year.

Limited's earnings per share have nearly doubled from 80 cents in 1985 to \$1.26 in 1988. Analysts attribute the company's success to its management of inventory. The Ohio-based company manages to get its goods produced more quickly than most of its competitors so that retailers can judge orders by immediate sales instead of placing orders several months in advance. Moreover, the Limited's distribution capabilities are considered unrivaled in the sector.

The GAP, with 718 GAP and 110 Banana Republic shops, has also shown remarkable growth. Annual net income leapt from \$1.01 a share in 1985 to \$2.05 last year on sales of \$1.2bn from \$647.3m four years ago.

Another fast-growing sector is the speciality catalogue business. The catalogue companies benefit from the high pressure corporate lifestyle, which leaves little time for recreational shopping. The proliferation of credit cards and toll-free long distance telephone lines have also helped attract customers. Furthermore, they don't need expensive downtown properties and a large real-estate sales force. About 100,000 companies will mail 11bn catalogues to consumers this year, nearly twice the number in 1980.

Among the most successful is Lands' End, which sells its own label canvas luggage and casual clothing and others. The 25-year-old company has seen sales grow by 25.5 per cent compound annual rate in the last four years, with an extremely healthy return on equity. Lands' End has held its ground in the rapidly expanding catalogue market. Last year the Wisconsin-based company mailed 75.7m catalogues.

Insiders, including the founder Mr Gary Comer, own about 60 per cent of the company. When the company went public in 1986, shares sold at \$15. In the first seven months of this year they changed hands between \$26 and \$35. Lands' End posted revenues of \$456m up 25 per cent from the previous year.

Another successful catalogue retailer is J. Crew, a New York-based company which has been in business for six years. Catalogue sales are expected to be about \$150m this year, up 50 per cent from 1986.

However, the catalogue sector is not without its own worries. Third-class postage in the US rose 25 per cent last year and there are worries about paper and printing costs and the possibility of a softer US economy. A consumer even bill may call for mail order companies to collect state tax, which is different for each of the 50 states. This would be unwieldy and increase administrative costs more expensive.

Karen Zagor

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They are designed to communicate, to collaborate, to evolve with emerging technologies and the needs of the user. Our commitment to supply these new solutions gives you, the user, the freedom to plan, to build and to grow without barriers or borders. Our openness is your freedom.

Our force is your energy



UNIX is a registered trademark of AT&T in the USA and other countries. MS-DOS is a registered trademark of Microsoft Corp.

Oxford Institute of Retail Management

Established in 1985, the Oxford Institute of Retail Management provides a focus for Templeton College's growing commitment to the retail and services sectors. The Institute specialises in the provision of small scale executive programmes for senior managers and the development of high quality commissioned research in retail management.

- Public Programmes**
 - Retail Location Analysis 7 - 10 November 1989
 - Retail Environmental Change 4 - 7 June 1990
- Company Programmes**

These are tailor-made programmes, varying in length and content, designed to meet specific company requirements. They are primarily oriented to senior and middle managers in relatively small groups.
- Retail Research**

The Institute also undertakes and publishes extensive research with a strong practical focus. Recent themes have included work on the internationalisation of retailing, retail saturation, prospects for out-of-town retailing, the development of teleshopping and the implications of 1992 for the retail sector.

Further details from Michaela Bargent, Information Officer. (0865 735422)

Templeton College Ref: M210
Oxford OX1 5NY

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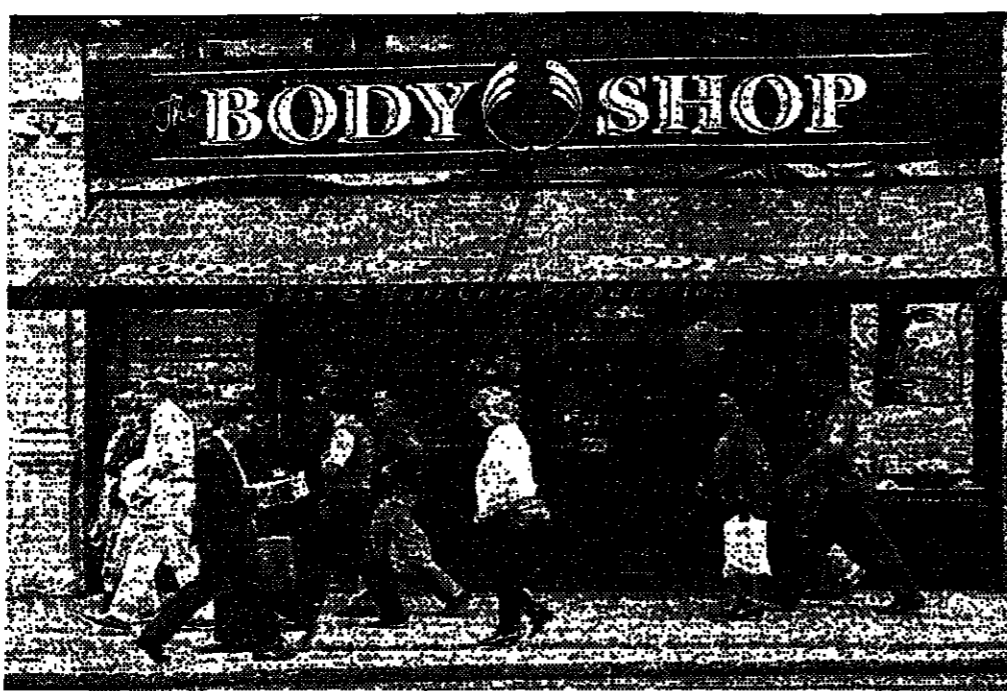
RETAILING 4

The supermarkets are in the vanguard of the green revolution

HAVING REDIRECTED the British consumer firmly on to the path of dietary righteousness, with its campaigns against food additives and the promotion of "healthy eating," the supermarket was the obvious champion to carry the flag of the green revolution.

There is a logical link between the promotion of healthy bodies and a healthy environment for them to thrive in. There are also compelling commercial reasons for retailers to take up the environmental banner.

According to market researchers Mintel, Britain has a hard core of green consumers - defined as people prepared to pay for a better environment - equivalent to 27 per cent of the population. Almost a third of adults are prepared to pay premiums of between 15 and 50 per cent for organically sourced foodstuffs, and about 50 per cent will pay over the odds for "water-friendly" detergents.



Who is the greenest? The Body Shop chain gets a high score from consumers

Wealth from health

rumble of a bandwagon. But the indications are that an international popular movement is getting under way - or, rather, starting to encroach on the British consciousness from its base on the Continent.

Political parties of all colours have turned assorted shades of green. Manufacturers of every imaginable consumer product have attempted to present themselves as environment-friendly, and there are swaths of European Community legislation, proposed and in process, which will ensure that the ever-widening range of environmental issues continues to be given media prominence.

Shop chain. Selling a limited range of benign cosmetics and lotions, it was given a high score for environmental concern by 29 per cent of all adults polled by Mintel - and by 35 per cent of women. Boots, by contrast, which sells a far wider range, scored 21 per cent and 27 per cent.

J. Sainsbury, the supermarket chain, scored 19 per cent among adults, compared with tail-end Asda with 4 per cent. A 21 per cent mark for Marks & Spencer, which has a high reputation for pure, lightly-processed food, helps illustrate the link in people's minds between corporal and environmental well-being.

In terms of action, Sainsbury's has led the field for some time, and seizes every opportunity to recount its achievements. It has installed "banks" for collecting recyclable bottles, aluminium cans, even newspapers. One of its newest stores recently won the Electricity Council's annual award for energy efficiency. Shelf stickers direct shoppers to "green" products and organic produce. It has cast out chlorofluorocarbons (CFCs), blamed for damaging the ozone layer) from aerosols, packaging and refrigeration units.

regarded as a masochistic activity by most people. Ten years later, the writer of advice and conflicting evidence provoked confusion. However, limited ranges of products, such as wholesome bread, brown rice and high-fibre cereals began to make significant progress. Healthy eating was becoming trendy.

Since then, lifestyle and image have overtaken overt health benefits as the main selling points, and healthy eating has become a normal activity. Environmentalists have warned of the dangers of overkill. Extravagant claims might dissipate the forces for good already at work, and lead to cynicism among consumers. The Advertising Standards Authority has taken a stand. After taking several leading companies to task for fanciful application of the terms "green" and "environment friendly," it warned recently that it would in future be keeping a close watch on publicity.

David Barchard on the advance of electronic payment methods

Lure of the low-cost card

RETAILERS HAVE been in thrall to banks since the beginning of time. Now, with electronic technology changing the way customers pay for their goods, the relationship between banks and retailers is being rapidly transformed.

The changes, already widespread in some advanced industrial economies such as Britain, Denmark, and the US, though much less common in West Germany, centre on the use of plastic cards.

Electronic technology has made it possible for large retailers to manage stock taking operations through point of sale terminals, called EPOS, with an efficiency impossible a generation ago.

Developments in EFTPOS have come thick and fast in the UK in the past year, where payment by plastic card through bank-owned terminals such as Barclays' PDQ or Accept, has become fairly widespread.

Director at APACS (the Association of Payment Clearing Services) in London. "Retailers everywhere are automating their information handling of which payments are only one part. They are looking for and finding natural synergies between EPOS and EFTPOS." "Introducing EFTPOS only would be a very hard slog for banks and retailers, but in practice it 'piggy-backs' on to EPOS," Mr Williamson says. Other financial services industries note that the changes are not confined to Britain. "What we are increasingly seeing is that retailers are crossing national frontiers in Europe - not always successfully at the first try, it has to be said - and developing international experience early on," says Mr Alan Stark, Managing Director of American Express Travel Related Services in the UK.

Director at APACS (the Association of Payment Clearing Services) in London. "Retailers everywhere are automating their information handling of which payments are only one part. They are looking for and finding natural synergies between EPOS and EFTPOS." "Introducing EFTPOS only would be a very hard slog for banks and retailers, but in practice it 'piggy-backs' on to EPOS," Mr Williamson says.

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Consortium, which represents UK retailers on issues such as negotiations over banking and credit card services, there are several retailer groups who would like to be free to take debit cards only rather than have to honour all cards carrying a particular branding such as Visa.

Mr Woodman regrets that the recent Monopolies and Mergers Commission report on the credit card industry did not recommend the scrapping of the "honour all cards" rule. He describes as "gross abuses" efforts by banks to get retailers to accept these new card products on the same terms as for the older generation of credit cards.

In West Germany the battle between banks and retailers has become even more bogged down in pricing issues. Because the German banks invented in the late 1960s a highly secure payment mechanism - the Eurocheque - for which retailers do not pay commission, it is difficult to get them to accept new electronic methods for which they pay a commission.

If the Eurocheque plastic card goes down the same route as the Switch cards in the UK,

retailers will have to pay a fee but it is likely to be low. GZS (Gesellschaft für Zahlungssysteme), the inter-bank payment organisation, says it is discussing retailer's proposals to pay 0.3 per cent and a flat fee of 7 Pfennigs (about two pence) per transaction.

Progress towards electronic funds transfer is going more slowly than the banks would like. Until recently plastic cards have been frowned on by the German banks and German retailers are much less accustomed to taking plastic cards. Eurocard, the dominant German credit card branding, has only 115,000 retail outlets, compared to over 300,000 for Access and Visa in the UK.

On the other hand, neighbouring Denmark has an EFTPOS system in some respects in advance of the UK. With retailers increasingly conscious of the need to harmonise standards and systems across the Community, some plastic card specialists predict that Switch and some of the other European electronic payment cards will force links.

If that happens, it will be a serious blow for Visa and MasterCard and the banks which back them.

Advertisement for Regent Street, London, featuring a circular logo with '140 144' and 'TO BE LET' text. Includes details on gross frontage and ground floor area.

Advertisement for 'A Unique Opportunity to Acquire a Flagship Retail Store' by DIVERS JONAS, Sole Agents.

Advertisement for 'RETAIL WEEK The top retailers' newspaper' with details on subscription and contact information.

Christopher Parkes. Counter attraction... EPOS terminal quickens service. Text discussing retail trends and EPOS technology.

Shops pine for long-term relationships with fickle customers. No substitute for value for money. Text discussing retail strategies and customer loyalty.

Christopher Parkes. Counter attraction... In-house credit cards nurture loyalty. Text discussing in-house credit cards and loyalty programs.

Christopher Parkes. Counter attraction... In-house credit cards nurture loyalty. Text discussing in-house credit cards and loyalty programs.

CHESTER BRIDGE STREET. A SIGNIFICANT CITY CENTRE BUILDING WITH CONSIDERABLE REDEVELOPMENT POTENTIAL. Includes floor plan and contact details for Dixons Webb.

Retail Chains: Creating the Winners of the '90s. Royal Garden Hotel, London, November 9-10, 1989. Conference details and list of speakers.

SYSTEMS SOFTWARE INTERNATIONAL. SSI's Merchant/400 package utilizing the IBM AS/400 relational database provides the total solution in integrated retail management systems.

RETAIL RESEARCH REPORT. Unrivalled source of regular, up-to-date information and detailed analysis of retailing and retailers. Comprehensive, in-depth research service for monitoring crucial developments by sector.

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TECHNOLOGY

As the flu season approaches, Rachel Johnson looks at the cost of protecting people from the virus and whether employers can benefit from offering jobs to their staff

Influenza vaccination levels in Europe

	Inhabitants (m)	High risk numbers (m)	% of total population	Vaccinated % of risk group
1988				
France	55.8	11.2	11.1	55.4
Belgium	9.8	2.0	7.1	35.0
Neths.	14.7	2.9	5.4	27.6
England	58.0	11.2	5.0	25.0
Switz.	6.5	1.3	4.6	23.1
Italy	57.8	11.5	4.5	22.6
W.Germany	61.1	12.2	3.8	18.9
Portugal	10.0	2.0	1.0	5.0

No assurances from a shot in the arm

Doctors can say with some certainty that flu jabs start with the egg and not the chicken, because the vaccine is grown there. But they cannot assure their patients that baring their arms to the needle this autumn will avert a bout of flu.

Industry and the health service have a close interest in the matter. Vaccinations have to be carried out before the flu season begins in November. Those who succumb to the virus can expect to spend up to two weeks in bed, and six more feeling under par.

The virus incurs heavy costs in terms of lost working days and the treatment of serious cases. Flu claims a big part of the sickness benefit budget in the UK, with claims ranging from six days a year to 26m in a bad year.

Even though there has not been an epidemic in the UK since 1976, a non-epidemic year such as 1988 can take a heavy toll too. Over Christmas, severe outbreaks of flu depleted ranks of postal workers to such an extent that the Christmas mail was threatened. Almost half the 400 workers at the Romford office fell ill and post had to be diverted to Liverpool, 250 miles away.

About one in eight sufferers will require antibiotics for secondary infections in the chest, which cost the NHS £7 a course. In hospitals, whole wards can be taken up by patients with flu complications during an epidemic (more than 100 cases per 100,000 population).

Preventing this expensive and debilitating disease starts with eggs, the virologist's perfect medium. Isolated from maternal influenza, eggs can be handled rapidly and in bulk by automated equipment. The cells of the chicken embryo host the replicating virus for three to four weeks, making it possible to produce the large quantities of vaccines.

Manufacturers, however, cannot start growing their vaccines until the World Health Organisation has made its spring selection of the three strains of flu most likely to be circulating in the winter. It cannot sell them until the health department has checked them and issued a product licence.

The vaccine has to be tailored every year, partly because the mix of viruses changes and partly because individual viruses sometimes change their spots in a process called antigenic drift or shift.

Ancillaries of the virus may wish to know that this autumn's highlights are likely to be the Shanghai, Singapore and Yamagata strains. We know this because laboratories in 100 countries contributed samples to two main disease control centres in London and Atlanta, Georgia. The WHO analysed the samples, foreign invading organisms - antigens - and announced the three prevalent strains. The three strains are grown in separate eggs and then mixed together, so that people need only one shot.

The Singapore strain is particularly nasty. Last year the

public health laboratory in North London attributed the virulence of outbreaks to the strain, which reared its ugly head after more than 20 years.

It is a fiendish virus to pin down, says the Influenza Monitoring and Information Bureau (Imib), which is funded by three manufacturers: Servier and Merieux, both French, and the Dutch Duphar. Strains change in a similar way in different parts of the world and, even more mysteriously, new strains sweep around the world at the same rate as they did before air travel became commonplace.

The World Influenza Centre in London cannot say why a strain re-emerges to wreak havoc after years of dormancy. However, those born before the last outbreak of a strain will have natural immunity to it if they were exposed to it.

But all this does not answer the question which many people will be asking this month: whether to have the jab or not. Employers who offer free doses might consider whether they are getting value for money.

Companies anxious to avoid losing productivity to the virus, such as Marks and Spencer and Coopers and Lybrand, order straight from the manufacturer and pay about £5 a dose. Servier will not say how much it costs to make the vaccines, nor how much money the company made by selling the doses. But John Roberts, the company's product manager, says drugs companies make "less than the public imagines" out of flu vaccines.

Whether companies have

spent their money wisely is difficult to tell. The results of trials have been inconclusive. A 1984 study involving Post Office workers showed that there was no difference in the incidence of flu and working days lost between vaccinated and unvaccinated employees.

Against this poor result Imib sets that of a 1982-1983 trial in a New York home for the elderly. Respiratory illness was "significantly more common" in the unvaccinated group.

The Government maintains a detached attitude to the question. In mid-September, the Department of Health will write to GPs, reminding them that the vaccines can be given free of charge to the elderly and others in "at risk" groups.

It also urges boarding schools and other closed communities, such as army camps, to consider the vaccination, though it refrains from making a positive recommendation. Christine Murphy, from the Department of Health, says this is because it is impossible to "second guess" the strains accurately enough, despite worldwide monitoring and research. Viruses which cause the epidemics tend to originate in animals and therefore take the human immune system by surprise.

So the official policy is not to attempt to control the spread of the disease by vaccination, but to maximise protection of those at risk of complications following flu infection.

The at-risk groups are the elderly, especially those with chronic lung, heart or kidney disease; health service staff in

contact with infected patients; diabetics and those with endocrine (hormonal) disorders. Pregnant women and those allergic to eggs should also not have a jab.

Although the UK has just as much flu as other European countries, its citizens have fewer flu jabs than most. Imib says this is because manufacturers are not allowed to advertise in the UK. In France, where they are, the take-up rate is higher. In the US, where they are as well, the vaccine is promoted in supermarkets.

The public perception of flu jabs is that they have only a patchy effectiveness. People still worry that jabs stimulate a "mild dose" of flu before immunity, but the only possible side effect is a sore arm. And there is no such thing as a mild dose of flu. It is an "extremely unpleasant illness," Imib says.

Dr Alexander McNair, adviser to Imib, says demand for the vaccine has fallen, partly because there has not been a major outbreak for 13 years. The worst flu pandemics were during the Boer War and the First World War, when young men from isolated rural communities were suddenly thrust into close quarters and exposed to the virus.

With no world wars looming, nor epidemics predicted, we are likely to see flu jabs aimed primarily at the at-risk groups. Manufacturers sold only between 2m and 2.5m doses in the UK last year, but are hoping to sell them to an increasing number of the estimated 10m in the at-risk groups.

Hunt for the ceramic tusk

THE DAYS of the ivory poacher could be numbered, not just because of the clampdown on elephant hunters but because of technological moves to produce artificial ivory.

Researchers at the University of Nottingham, in the UK, are developing an alternative to the elephant tusk using bio-ceramics. The material is based on those used for artificial limbs and could appear in anything from piano keys to jewellery.

Researchers believe ceramics more closely resemble ivory than plastics, which are typically used to replace the natural material. Like ivory, ceramics are porous and good thermal conductors - particularly attractive for pianists, as they absorb sweat and are cool to touch even during prestissimo performances. The university is looking for further funding.



WORTH WATCHING Edited by Della Bradshaw

lens that eliminates fuzziness from the edges of their field of vision.

The aspherical lenses achieve this near-perfect vision by making the curvature of the lens steeper in the centre than at the edge.

Hoys, of Japan, has begun marketing aspherical lenses in Japan and Europe. They are made from a new type of plastic which makes the lens more powerful. As a result, a much thinner and lighter lens is needed to correct sight defects.

An added bonus of the Hoya-Lux lens is that it has a chemical coating which makes it resistant to scratches.

Data sent via the mains

THE MAINS can be used for transmitting more than just electric power. Computer data can also be sent along them.

Verran Electronics, of Basingstoke, has developed a system which allows data to be transmitted from, say, two or three personal computers to a printer simply by plugging the units into the ordinary wall sockets.

The AC DataLink translates the computer data into an FM signal which can survive the hostile environment of the mains wiring system. The device scrambles the data for security and then decides on the size of package of information for transmission. If the mains are "noisy", the data will be put into small packages, if not, large ones will suffice.

The system continues to send each package until the receiving device reports that it has arrived intact. The data is transmitted at up to 16 kbits of information per second - a lightly packed A4 page would take about two and a half seconds.

The system costs £175 per item connected to the mains.

Lenses without fuzzy edges

PEOPLE who wear glasses will welcome a new type of

that it can be measured by the selenium photocell, developed by Megatron of London.

As a safety feature, a fibre-optic bumper is attached to the machine. If anyone touches it, the light signals travelling along the glass fibres are interrupted and the machine stops.

Data broadcast in Australia

FOLLOWERS of the Australian Stock Market (ASX) will soon be able to receive up-to-the-minute share information, be they in Sydney or Alice Springs.

ASX is turning to broadcast technology to ensure that its information can be distributed nationwide. Until now the data has been sent over telephone lines and limited to 1,400 subscribers in Sydney and Melbourne.

The broadcast system, developed in the UK by Infocast, a subsidiary of Citicorp, should be in operation by the middle of next year. It will make use of the vertical blanking interval (VBI) on the ABC television network. (The VBI is the space between the frames of the television picture into which parcels of data can be squeezed.)

To receive the information, subscribers will need to install a television aerial or satellite dish and a terminal incorporating the box of tricks needed to decipher the broadcast signal.

Bright move in light meters

A LARGE computerised light meter, to help measure the output of electric lamps and fittings, has been developed for industrial lighting manufacturer F. W. Thorpe, of Redditch, writes Clive Cookson.

The goniosphotometer, as it is called, could be used to measure light output in both the development phase of a new light fitting or in the final quality control process.

Developed by PERA, the UK contract research organisation, the 24 ft high machine relies so that it can measure the light intensity from a lamp or light fitting up to 35 ft away in any direction. A typical test, requiring 2,000 readings, can be completed in two or three hours, rather than the two days required by its manual equivalent.

The machine includes two mirrors made of 6 mm float glass on a light aluminium honeycomb support. The mirrors reflect the light so

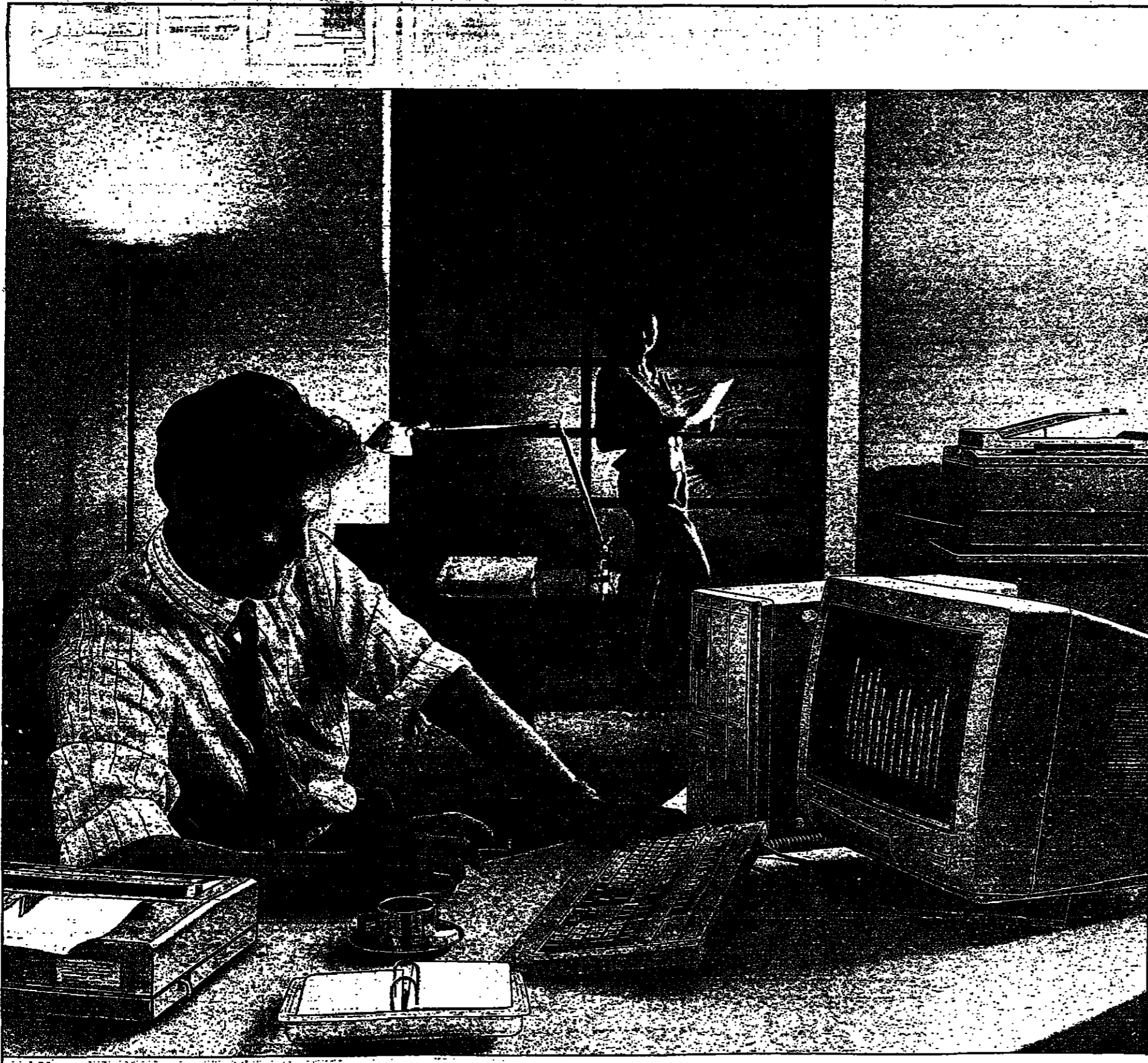
The automatic flush

THE LATEST high-tech convenience to sweep the US is the self-flushing lavatory.

The lavatory is operated by an infra-red beam. When in use, the body of the person breaks the beam, but when he or she moves away, the restoration of the beam triggers a switch. That in turn sends an electronic pulse to the toilet valve, activating the flush.

Developed by the Sloan Valve Company, of Franklin Park, Illinois, the loos are already installed in several airports.

CONTACT: University of Nottingham, UK, 0692 464848; Infocast, London, 438 1200; Hoya, Japan, 3 592 1191; Netherlands, 2872 45777; PERA, UK, 0284 201501; Verran Electronics, UK, 0252 610252; Sloan Valve Company, US, 312 871 4200.



I JUST HAD ANOTHER GREAT IDEA. SANYO.

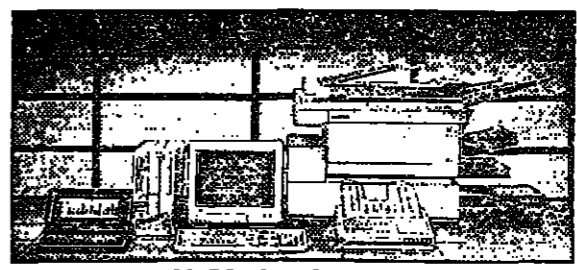
Frankly, running my own company generates enough pressure without having to worry if my office system is up to standard. So I turned to Sanyo.

For quick faxes, clear photocopies and clever personal computers, Sanyo delivers the quality that my customers demand. And the kind of work I expect of my company.

Right first time, every time.

If you're interested in big returns from a modest investment, try Sanyo. Your customers will be glad you did.

Sanyo. It's not only a smart solution, but probably the only solution.



MBC-16LT MBC-17 PLUS SANFAX 525 SFT-2 120F

SANYO OFFICE AUTOMATION. THE SMART SOLUTION.

SANYO

LONDON STOCK EXCHANGE

Equities give ground in nervous trade

THE CLIMATE turned chillier in the London equity market yesterday as investors took a more critical view of last week's equity performance on both sides of the Atlantic. Equities were significantly weaker than on Friday but share prices proved vulnerable to disappointing developments on both the takeover and corporate reporting fronts.

The principal blow to market confidence came when Ferranti, the UK electronics defence group, first asked for a suspension of trading in its shares, and then disclosed that today's annual meeting of shareholders has been cancelled pending a further state-

ment on certain overseas contracts at ISC Technologies, a Ferranti subsidiary. Leading shares, on the slide from mid-morning when the FT-SE future contract came under pressure, extended their losses following Ferranti's second statement and with Wall Street falling in early deals.

market sentiment was depressed by a range of economic and corporate factors. Monthly data on domestic retail sales and producer prices was regarded as confirmation that the economy is slowing; this in turn confirmed market nervousness over the corporate results season now under way. Mr Thatcher repeated in a speech in the North of England, that domestic interest rates would stay high until inflation is overcome.

Industries be allowed to lapse pending US regulatory rulings; an early resolution of this major bid situation is seen as unlikely. A £120m offer for United Scientific Holdings came from Meggitt, but the market was then sharply disappointed to hear that Pembroke may bid for DRG, the paper products company, below the market price.

FINANCIAL TIMES STOCK INDICES

Table with columns for Stock Index, Sep 11, Sep 8, Sep 7, Sep 6, Sep 5, Year Ago, High 1989, Low, Share Completion, and Low. Includes Government Secs, Fixed Interest, Ordinary Share, Gold Mines, FT-SE 100 Share, Ord. Div. Yield, P/E Ratio, and S.E. ACTIVITY.

Ferranti suspension disturbs

News of the suspension of trading in shares in UK defence electronics manufacturer Ferranti came only three days after the takeover of Plessey, one of the UK's most prominent defence and electronics groups.

Dealing in Ferranti shares, poor performers against the electronics sector and the market over the past year or so after disappointing results and a profits warning, were suspended prior to the opening of the market yesterday.

Ferranti said a review of its accounts was underway "with regard to certain overseas contracts entered into by ISC Technologies". The market was immediately awash with various rumours. These included stories about a European group taking a stake in Ferranti, a capital restructuring, or the putting up for sale of various parts of the US interests.

Worse still, said analysts, it could lead to intense pressure from institutions for management changes. "Institutions are now totally disillusioned with the Ferranti board - the sense is only just beginning," said one leading watcher of the stock.

Talk in the market suggested that the writedown would be revealed within a week and the annual meeting reconvened in a month. "The shares will probably be quoted within a week but at nearer 60p than 65p," said one observer.

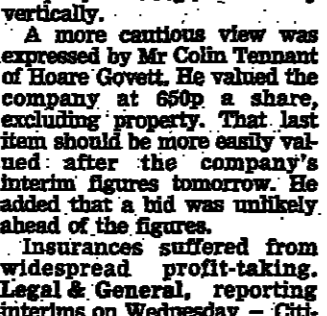
DRG setback Dealers marked down DRG shares in the wake of the announcement from Pembroke that it wanted to bid for the company at below the market price. The shares had initially risen in anticipation of a bid, then fallen sharply before hitting a low of around 88p.

The shares eventually closed at 86p, down 14 on the day, reflecting fears that Pembroke had not finalised its financing. Marketmakers were soon forecasting a sliding bid in the 87p to 80p range, while analysts said that a final offer of

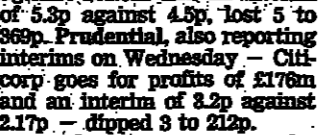
Account Dealing Dates

Table with columns for Date, Sep 11, Sep 8, Sep 7, Sep 6, Sep 5, Year Ago, High 1989, Low, Share Completion, and Low.

Equity Shares Traded



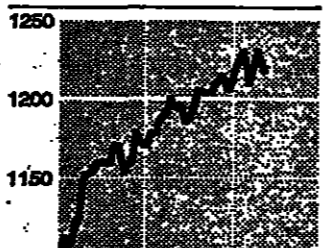
FT-A All-Share Index



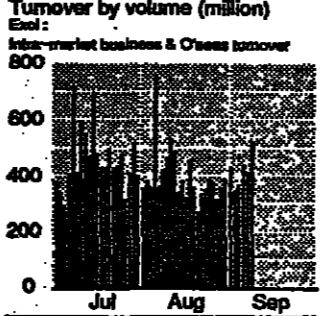
NEW HIGHS AND LOWS FOR 1989

Table listing new highs and lows for 1989 across various sectors including Chemicals, Electronics, and Pharmaceuticals.

FT-A All-Share Index



Equity Shares Traded



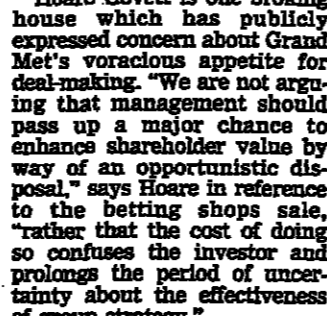
NEW HIGHS AND LOWS FOR 1989

Table listing new highs and lows for 1989 across various sectors including Chemicals, Electronics, and Pharmaceuticals.

and from some City analysts,

the shares dropping 15 to 615p on turnover of 2.5m. The message from both quarters was roughly the same. Grand Met has been concentrating too much on deal making and not enough on its fundamental business.

Equity Shares Traded



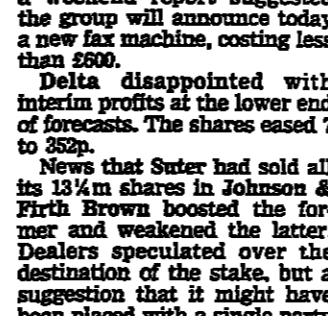
NEW HIGHS AND LOWS FOR 1989

Table listing new highs and lows for 1989 across various sectors including Chemicals, Electronics, and Pharmaceuticals.

among the weakest performers

in the electronics arena with the shares down 11 at 269p after news that it is paying Carlton Communications £57.5m for Link Scientific. George Scholes, after comment in the weekend press, dropped 20 to 182p.

Equity Shares Traded



NEW HIGHS AND LOWS FOR 1989

Table listing new highs and lows for 1989 across various sectors including Chemicals, Electronics, and Pharmaceuticals.

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume in major stocks including ASDA, Biffaward, British Aerospace, and others.

The following is based on trading volume for most Alpha securities dealt through the SEAG system yesterday until 5 pm.

involving the patent for a brand of P&G's "crispy-chewy cookies." It is now believed that talks likely to lead to a settlement have been taking place, and UB is expected to make an announcement regarding the matter tomorrow.

TOZER KEMSLEY & MILLBOURN (HOLDINGS) plc

Table with columns for SUMMARY OF INTERIM RESULTS, 30 June 1989, 30 June 1988, Percentage Change, and Year 1988. Includes SALES, PRE-TAX PROFITS, EARNINGS PER SHARE, and DIVIDEND.

*Adjusted to take account of one-for-ten bonus issue in May 1989.

"The first half of 1989 has produced a continuation of the Company's excellent growth." - Sir Ron Brierley (Chairman).

- List of franchise partners: Alfa Romeo (UK), Daihatsu (UK and Eire), Maranello Concessionaires (Ferrari), Mazda (UK and France), Subaru (Australia), Cooper Group, Wadham Kenning Motor Group, Wadham Stringer, H.A. Fox, Kennings, Kenning Leaseline, Kenning Car and Van Rental, Kenning Tyre Services, Property and leisure developments.

A copy of the TKM Interim Results may be obtained from The Company Secretary, Tozer Kemsley & Millbourn (Holdings) plc, 1 Lygon Place, Ebury Street, London SW1W 0LR, Telephone (01) 730 0288

Hozelock names operations director

HOZELOCK, leading UK manufacturer of garden watering systems and pressure sprayers, announced three board appointments, including a new manufacturing supremo to improve efficiency and co-ordination between its production units.

He is Mr Peter Richardson, 46, who has been given the title of operations director. He has spent the last 18 years at Limpac Mouldings, latterly as factory manager.

Mr Peter Fowell, 51, becomes technical director, responsible for design, development and quality control. Previously manufacturing manager, he has been with the company since its foundation over 30 years ago.

executive director in charge of the group's North American interests, will become a non-executive director of Tate & Lyle in the UK on October 1 when he assumes the role of vice chairman at the Toronto-based Bank of Nova Scotia.

Mr Stuart Roberts, 43, has been made a member of the BRYANT GROUP board. He joined the group in 1976 and is currently managing director of Bryant Construction Southern.

He will be appointed managing director of the Construction Division in November next year, succeeding Mr Ken Harvey on his retirement.

Mr Jonathan Sims, formerly a partner of Laurie Milbank and later head of gift market-making at Chase Manhattan Securities, will take up a position of joint managing director of ROWE & PITMAN MONEY BROKING (a subsidiary of S.G. Warburg) on October 2. Mr Sims, 45, will become sole managing director on December 21 when Mr Peter Moxley, the present managing director, retires.

PROPERTY DATA SERVICES has made Mr Jeremy Roeset its managing director. He was managing director of Harvest Information Services.

service, the company has appointed to the board Mr Anthony Gledhill. It is proposed that Mr Gledhill will be responsible for the future development of the Church name.

Mr Gledhill retains his seat on the board of JOSEPH

Mr Christopher F.J. Tucker has been appointed director, investment research, electronics, at KITCAT & AIRTEK.

Mr Uwe Lamann has been made managing director of SIEMENS COMMUNICATION SYSTEMS. He was responsible for Siemens' electronic components group in the UK.

Mr Ken Price takes over as chairman at HUNTING GATE HOMES from Mr John Redgrave, who will continue to serve on the board. Mr Don Paxton has joined the company as managing director. He was employed with Wimpey Homes.

CHREANEY, where Mr Martin Crowwell has succeeded him at the company and assumed full responsibility for its sales aspect.

At ALLIED-LYONS, Mr Timothy Dalton has been appointed group treasurer after holding the position of group deputy treasurer since 1988.

Mr Ronald Bain has been promoted to director of UK marketing at EDS (ELECTRONIC DATA SYSTEMS).

Mr Christopher F.J. Tucker has been appointed director, investment research, electronics, at KITCAT & AIRTEK.

Mr Uwe Lamann has been made managing director of SIEMENS COMMUNICATION SYSTEMS. He was responsible for Siemens' electronic components group in the UK.

Mr Ken Price takes over as chairman at HUNTING GATE HOMES from Mr John Redgrave, who will continue to serve on the board. Mr Don Paxton has joined the company as managing director. He was employed with Wimpey Homes.

BURGESS INDUSTRIAL ACOUSTICS has appointed director Mr Valerius Pears as managing director.



CABLE CORPORATION and its Windsor Television subsidiary announced the resignation of Mr Michael Davis as chairman, and the nomination of Mr Ray Whitney (above), OBE, MP, as acting chairman.

Mr Davis, who founded Windsor Television, a leading UK television cable operation, will remain on the Cable Corp board as a director representing the interests of Standard Life Assurance, one of its largest investors. Mr Davis intends to concentrate on new business opportunities, including plans for a new cable television venture.

FT UNIT TRUST INFORMATION SERVICE

For Current Unit Trust Prices on any telephone ring direct-0836 4 + five digit code (listed below). Calls charged at 30p per minute peak and 25p off peak, inc VAT

Vol 111/12

Main table containing unit trust information with columns for company name, unit price, and other financial metrics. Includes sub-sections for 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

OTHER UK UNIT TRUSTS

Table listing various UK unit trusts such as 'The Yorkshire Unit Trust', 'The Yorkshire Unit Trust', and 'The Yorkshire Unit Trust'.

INSURANCES

Table listing insurance companies and their unit trusts, including 'AA Friendly Society' and 'AA Friendly Society'.

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

For Current Unit Trust Prices on any telephone ring direct-0830 4 + five digit code (listed below). Calls charged at 38p per minute peak and 25p off peak, inc VAT

Main table containing unit trust information with columns for Name, Bid Price, Offer Price, and Yield. Includes sub-sections for 'OFFSHORE AND OVERSEAS' and 'GUERNSEY (SIB REGISDED)'.

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FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Handwritten note: "half price 1/2"

Main table for FT Unit Trust Information Service, listing various unit trusts with columns for Name, Price, and Yield.

Main table for London Share Service, listing various shares and funds with columns for Name, Price, and Yield.

Money Market Bank Accounts

Money Market Trust Funds

Notes and additional information regarding the Money Market Trust Funds.

LONDON SHARE SERVICE

For Latest Share Prices on any telephone ring direct-0636 43 + four digit code (listed below). Calls charged at 88p per minute peak and 25p off peak, inc VAT

AMERICANS - Contd

Table listing American stocks with columns for Stock, Price, and other financial metrics.

CANADIANS

Table listing Canadian stocks with columns for Stock, Price, and other financial metrics.

BANKS, HP & LEASING

Table listing bank and leasing stocks with columns for Stock, Price, and other financial metrics.

Hire Purchase, Leasing, etc.

Table listing hire purchase and leasing services with columns for Stock, Price, and other financial metrics.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit stocks with columns for Stock, Price, and other financial metrics.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks with columns for Stock, Price, and other financial metrics.

BUILDING, TIMBER, ROADS - Contd

Table listing building, timber, and road stocks (continued) with columns for Stock, Price, and other financial metrics.

DRAPERY AND STORES - Contd

Table listing drapery and store stocks (continued) with columns for Stock, Price, and other financial metrics.

ELECTRICALS

Table listing electrical stocks with columns for Stock, Price, and other financial metrics.

DRAPERY AND STORES

Table listing drapery and store stocks with columns for Stock, Price, and other financial metrics.

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BUILDING, TIMBER, ROADS

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DRAPERY AND STORES - Contd

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BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks with columns for Stock, Price, and other financial metrics.

ENGINEERING - Contd

Table listing engineering stocks (continued) with columns for Stock, Price, and other financial metrics.

ENGINEERING - Contd

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ENGINEERING

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INDUSTRIALS (Misc.) - Contd

Table listing industrial stocks (miscellaneous) (continued) with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd

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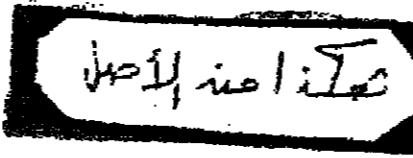
INSURANCES

Table listing insurance stocks with columns for Stock, Price, and other financial metrics.

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LONDON SHARE SERVICE

For Latest Share Prices on any telephone ring direct 0836 43 + four digit code (listed below). Calls charged at 39p per minute peak and 25p off peak, inc VAT



LEISURE

Table of share prices for Leisure companies including Leisure Group, Leisure Leisure, Leisure Leisure, etc.

PAPER, PRINTING, ADVERTISING - Contd

Table of share prices for Paper, Printing, Advertising companies including Newsprint, Newsprint, Newsprint, etc.

TEXTILES - Contd

Table of share prices for Textiles companies including Textiles, Textiles, Textiles, etc.

TRUSTS, FINANCE, LAND - Contd

Table of share prices for Trusts, Finance, Land companies including Trusts, Finance, Land, etc.

OIL AND GAS - Contd

Table of share prices for Oil and Gas companies including Oil and Gas, Oil and Gas, Oil and Gas, etc.

MINES - Contd

Table of share prices for Mines companies including Mines, Mines, Mines, etc.

MOTORS, AIRCRAFT TRADES

Table of share prices for Motors, Aircraft Trades companies including Motors, Aircraft Trades, Motors, Aircraft Trades, etc.

PROPERTY

Table of share prices for Property companies including Property, Property, Property, etc.

TOBACCO

Table of share prices for Tobacco companies including Tobacco, Tobacco, Tobacco, etc.

TRANSPORT

Table of share prices for Transport companies including Transport, Transport, Transport, etc.

OVERSEAS TRADERS

Table of share prices for Overseas Traders companies including Overseas Traders, Overseas Traders, Overseas Traders, etc.

PLANTATIONS

Table of share prices for Plantations companies including Plantations, Plantations, Plantations, etc.

Commercial Vehicles

Table of share prices for Commercial Vehicles companies including Commercial Vehicles, Commercial Vehicles, Commercial Vehicles, etc.

TRUSTS, FINANCE, LAND

Table of share prices for Trusts, Finance, Land companies including Trusts, Finance, Land, etc.

Investment Trusts

Table of share prices for Investment Trusts companies including Investment Trusts, Investment Trusts, Investment Trusts, etc.

Finance, Land, etc

Table of share prices for Finance, Land, etc companies including Finance, Land, etc, Finance, Land, etc, Finance, Land, etc, etc.

MINES

Table of share prices for Mines companies including Mines, Mines, Mines, etc.

Central Rand

Table of share prices for Central Rand companies including Central Rand, Central Rand, Central Rand, etc.

Garages and Distributors

Table of share prices for Garages and Distributors companies including Garages and Distributors, Garages and Distributors, Garages and Distributors, etc.

SHOES AND LEATHER

Table of share prices for Shoes and Leather companies including Shoes and Leather, Shoes and Leather, Shoes and Leather, etc.

TRUSTS, FINANCE, LAND

Table of share prices for Trusts, Finance, Land companies including Trusts, Finance, Land, etc.

Finance

Table of share prices for Finance companies including Finance, Finance, Finance, etc.

Central African

Table of share prices for Central African companies including Central African, Central African, Central African, etc.

South Africans

Table of share prices for South Africans companies including South Africans, South Africans, South Africans, etc.

PAPER, PRINTING, ADVERTISING

Table of share prices for Paper, Printing, Advertising companies including Paper, Printing, Advertising, Paper, Printing, Advertising, Paper, Printing, Advertising, etc.

TEXTILES

Table of share prices for Textiles companies including Textiles, Textiles, Textiles, etc.

OIL AND GAS

Table of share prices for Oil and Gas companies including Oil and Gas, Oil and Gas, Oil and Gas, etc.

TRUSTS, FINANCE, LAND

Table of share prices for Trusts, Finance, Land companies including Trusts, Finance, Land, etc.

MINES

Table of share prices for Mines companies including Mines, Mines, Mines, etc.

Regional & Irish Stocks

Table of share prices for Regional & Irish Stocks companies including Regional & Irish Stocks, Regional & Irish Stocks, Regional & Irish Stocks, etc.

NOTES: Stock Exchange dealing classifications are indicated to the right of security names... (Detailed notes regarding stock exchange classifications and market conditions.)

REGIONAL & IRISH STOCKS

Table of share prices for Regional & Irish Stocks companies including Regional & Irish Stocks, Regional & Irish Stocks, Regional & Irish Stocks, etc.

TRADITIONAL OPTIONS

Table of share prices for Traditional Options companies including Traditional Options, Traditional Options, Traditional Options, etc.

This service is available to every company dealt in on Stock Exchanges throughout the United Kingdom for a fee of \$795 per annum for each security.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar falls short of DM2.00

THE DOLLAR made an unsuccessful attack on DM2.00 yesterday, as the market lacked the incentive to push the currency beyond a point where it feared central banks would feel obliged to stem the advance. But at the London close the only central bank seen to have intervened was the Bank of Japan.

In Tokyo resistance was seen at ¥148.00, partly on profit taking, but also on intervention by the Bank of Japan, estimated at around \$300m. The dollar closed at ¥147.75 in Tokyo, the highest level since June 15, but fell back to ¥146.80 in London, compared with ¥146.25 on Friday.

Against the Swiss franc the dollar rose to Sfr1.7150 from Sfr1.7065 and in terms of the French franc to FF16.8825 from FF16.8700. On Bank of England figures the dollar's index rose to 72.7 from 72.3.

Lack of fresh factors kept the dollar relatively steady and encouraged profit taking. The July US trade figures on Friday will form the focus of market attention this week. A deficit of around \$9bn is expected, compared with \$3.3bn in June.

Foreign exchange trading is likely to grow increasingly cautious ahead of this data, and the market will also be wary of US producer prices for August on Friday and August retail sales on Thursday.

If the dollar remains strong ahead of these figures there could also be nervousness that a meeting of ministers from the Group of Seven on Thursday will produce new measures to stem the currency's rise.

FINANCIAL FUTURES

Prices fall back on rate fears

STERLING FUTURES crept up from a slightly weaker start in yesterday's Life market, and reached the day's highs before slipping away to finish near the lowest level of the day. Values were marked up from a slightly softer opening on news of a slightly encouraging set of economic figures on UK retail sales and output prices.

As a timely reminder to the market that cash rates are unlikely to fall in the near term. Against this background, the December short starting, closed fell to 86.38 at the close, down from a high of 89.44 although still just one tick firmer than Friday's close of 86.37. Trading volume reflected the lack of direction or speculative interest.

£ IN NEW YORK

Table with columns: Sep.11, Last, Previous. Rows: 3 Spot, 1 month, 3 months, 12 months.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Unit, % change, % change, % change, % change.

POUND SPOT - FORWARD AGAINST THE POUND

Table with columns: Sep.11, Day's spread, Close, One month, % p.a., Three months, % p.a., Six months, % p.a.

ESTIMATED VOLUME TOTAL, CALLS 1057 Puts 635

Table with columns: Strike, Call-Settlements, Put-Settlements, Price, Dec, Mar, Jun, Sep.

ESTIMATED VOLUME TOTAL, CALLS 1503 Puts 1598

Table with columns: Strike, Call-Settlements, Put-Settlements, Price, Dec, Mar, Jun, Sep.

ESTIMATED VOLUME TOTAL, CALLS 1475 Puts 1460

Table with columns: Strike, Call-Settlements, Put-Settlements, Price, Dec, Mar, Jun, Sep.

CURRENCY RATES

Table with columns: Sep.11, Bank rate, Special Drawing Rights, European Currency Unit.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table with columns: Sep.11, Day's spread, Close, One month, % p.a., Three months, % p.a., Six months, % p.a.

ESTIMATED VOLUME TOTAL, CALLS 1247 Puts 1247

Table with columns: Strike, Call-Settlements, Put-Settlements, Price, Dec, Mar, Jun, Sep.

ESTIMATED VOLUME TOTAL, CALLS 1057 Puts 635

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CURRENCY MOVEMENTS

Table with columns: Sep.11, Bank of England, Morgan's Guaranty Changes %.

EURO-CURRENCY INTEREST RATES

Table with columns: Sep.11, Short term, 7 days, One Month, Three Months, Six Months, One Year.

EXCHANGE CROSS RATES

Table with columns: Sep.11, £, S, DM, Yen, F.Fr., S.Fr., H.Fl., Lira, C.S., B.Fr.

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OTHER CURRENCIES

Table with columns: Sep.11, Argentina, Australia, Brazil, Canada, Denmark, Hong Kong, India, Italy, Japan, Korea, Malaysia, New Zealand, Norway, Singapore, South Africa, Taiwan, U.A.E.

FT LONDON INTERSANK FIXING

Table with columns: 3 months US Dollars, 6 months US Dollars, 3 months US Dollars, 6 months US Dollars.

MONEY RATES

Table with columns: Sep.11, Overnight, 7 days, One Month, Three Months, Six Months, One Year.

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MONEY MARKETS

No change in rates

INTEREST RATES were barely changed in London yesterday, the three-month interbank rate was unchanged at 14.13 1/2 per cent. Data on UK retail sales and output prices for August failed to have any real effect.

Longer term rates were also steady, with the one-year interbank rate quoted at 13 1/2-13 3/4 per cent from 13 1/2-13 3/4 per cent.

LONDON MONEY RATES

Table with columns: Sep.11, Overnight, 7 days, One Month, Three Months, Six Months, One Year.

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UK clearing bank base lending rate

14 per cent from May 24

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COMPANY NOTICES

HARMONY GOLD MINING COMPANY LIMITED RAND MINES (Incorporated in the Republic of South Africa) Company Registration No. 05/3822/06

Passing of Dividend The Board of Directors has decided not to declare an interim dividend for the year ending 30th June 1990.

APPOINTMENTS

MANAGER FINANCIAL FUTURES

A leading Kuwaiti investment company is seeking a Manager for its newly established financial services unit which will provide full brokerage and portfolio management services for retail customers both the cash and commodities markets on a global basis out of its headquarters in Kuwait.

The candidate is expected to be a Senior Account Executive with a minimum of 5 years experience in the retail brokerage of securities and commodities and an excellent knowledge of the operational side of the business.

An attractive compensation package will be offered based on qualification and experience. To apply, please send a detailed C.V. and salary history to: The Personnel Manager P.O. Box 2544 Safat, 13026 Safat, Kuwait

JOTTER PAD

CROSSWORD

No.7,036 Set by FETTLER

Crossword puzzle grid with clues for Across and Down.

WICKET CONFUSION! A word search puzzle with clues like '1 Lowly scholar in action?' and '2 Checking's needed when, in contending, passion rises?'.

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half price

WORLD STOCK MARKETS

AUSTRIA

Table of Austrian stock market data including companies like Austria Airlines, Austria Mobil, and Austria Energie.

FRANCE (continued)

Table of French stock market data including companies like Air France, Bouygues, and Bouygues Telecom.

GERMANY (continued)

Table of German stock market data including companies like Deutsche Telekom, Volkswagen, and Siemens.

ITALY (continued)

Table of Italian stock market data including companies like Eni, IRI, and Telecom Italia.

NETHERLANDS

Table of Dutch stock market data including companies like KLM, Shell, and Unilever.

SPAIN

Table of Spanish stock market data including companies like Banco de España, Telefónica, and Repsol.

FINLAND

Table of Finnish stock market data including companies like Nokia, Wärtsilä, and Kvaerner.

FRANCE

Table of French stock market data including companies like Air France, Bouygues, and Bouygues Telecom.

JAPAN

Table of Japanese stock market data including companies like Toyota, Honda, and Nissan.

AUSTRALIA (continued)

Table of Australian stock market data including companies like BHP, Telstra, and Westpac.

NETHERLANDS

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Table of Finnish stock market data including companies like Nokia, Wärtsilä, and Kvaerner.

FRANCE

Table of French stock market data including companies like Air France, Bouygues, and Bouygues Telecom.

JAPAN

Table of Japanese stock market data including companies like Toyota, Honda, and Nissan.

AUSTRALIA (continued)

Table of Australian stock market data including companies like BHP, Telstra, and Westpac.

NETHERLANDS

Table of Dutch stock market data including companies like KLM, Shell, and Unilever.

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Table of French stock market data including companies like Air France, Bouygues, and Bouygues Telecom.

GERMANY

Table of German stock market data including companies like Deutsche Telekom, Volkswagen, and Siemens.

ITALY

Table of Italian stock market data including companies like Eni, IRI, and Telecom Italia.

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CANADA

Table of Canadian stock market data including companies like Alcan, Inco, and Northern Telecom.

TORONTO 2pm prices September 11

Table of Toronto stock market data including companies like Alcan, Inco, and Northern Telecom.

INDICES

Table of various stock indices including DOW JONES, NYSE Composite, and Nikkei.

NEW YORK DOW JONES

Table of New York Dow Jones index data including components like IBM, GE, and Ford.

CANADA

Table of Canadian stock market data including companies like Alcan, Inco, and Northern Telecom.

NEW YORK ACTIVE STOCKS

Table of New York active stocks including companies like IBM, GE, and Ford.

TOKYO - Most Active Stocks

Table of Tokyo most active stocks including companies like Toyota, Honda, and Nissan.

WORLD

Table of world stock market data including companies like BHP, Telstra, and Westpac.

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3pm prices September 11

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table containing stock prices, organized into columns with headers like '12 Month', 'High', 'Low', 'Close', 'Change', 'Volume', 'Open', 'Bid', 'Ask', 'Last', 'Settle', 'Div', 'Yield', 'EPS', 'P/E', 'Beta', 'Sector', 'Industry', 'Company Name', 'Symbol', 'Exchange', 'Volume', 'Open', 'Bid', 'Ask', 'Last', 'Settle', 'Div', 'Yield', 'EPS', 'P/E', 'Beta', 'Sector', 'Industry', 'Company Name', 'Symbol', 'Exchange'.



NYSE COMPOSITE PRICES

Table of NYSE Composite Prices with columns for Stock, Price, Change, and Volume. Includes a section for 'Sales figures are in millions' and 'Dividend and stock price changes'.

OVER-THE-COUNTER

Nasdaq national market, 3pm prices September 11

Table of Over-the-Counter prices with columns for Stock, Price, Change, and Volume. Includes a section for 'Sales figures are in millions' and 'Dividend and stock price changes'.

AMEX COMPOSITE PRICES

September 11

Table of AMEX Composite Prices with columns for Stock, Price, Change, and Volume.

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AMERICA

Dow dips as traders await rash of statistics

Wall Street

AFTER its consolidation on Friday, the equity market turned lower yesterday with selling exaggerated by stock index arbitrage in an otherwise dull morning session...

weeks with a triple witching hour when stock index futures and options expire simultaneously on a Friday...

expectation that the figures will prompt any change of monetary policy which is clearly on hold...

AMR, the parent company of American Airlines, rose 5 1/2% to \$52 3/4 on a US press report that Mr Donald Trump, the New York real estate developer, had acquired a stake in AMR...

Canada SELLING pressure pushed Toronto stocks down further by mid-session with metal stocks leading the retreat...

EUROPE

Frankfurt and Amsterdam take a fall on the see-saw

LAST WEEK'S winners showed the biggest declines yesterday for reasons which appeared to be technical as well as fundamental...

THE Madrid bourse hit an all-time high yesterday, fuelled by a two-week rally in electrical utility stocks, before profit-taking trimmed some gains...

ASIA PACIFIC

Yen and bond weakness draw Nikkei down

Tokyo

FURTHER yen weakness and lower bond prices produced a mood of caution that led the Nikkei average down for the fifth consecutive session...

meant that investors were particularly wary of large capital issues that tend to be affected by higher interest rates...

shown strong gains last week ended lower. AUSTRALIA ended little changed amid nervousness over the impact of Bond Corp's troubles on the wider market...

island produced lower prices than expected and reversed the market's initial trend. Volume remained high at HK\$1.05bn, down slightly from Friday's HK\$1.12bn...

TAIWAN dropped on news over the weekend that the authorities would gradually expand the daily price fluctuation limit for individual stocks in order to crack down on market manipulation...

SOUTH AFRICA GOLD stocks closed marginally lower in Johannesburg in very quiet trading. Platinum and industrial also showed an easier tone...

a flat outlook for the steel market this year, said it fell 13.60 to 17.95 in active turnover. Philips, which enjoyed a powerful rally last week on buy recommendations and foreign interest, came off 90 cents to 174.60...

prices, reached a new high of 540.00 up 0.4 from Friday. MILAN pushed higher, reversing three consecutive declines. Trading was said to be thin, with investors absent from the market before monthly trading account deadlines today and on Thursday...

Against the trend to avoid large capital issues, steels saw a modest recovery as investors felt they had been oversold. Sumitomo Metal, second most active during yesterday's general election - in the belief that its high interest rates were coming down; but Sweden subsided after a half-yearly results season with good and bad surprises, and Denmark is considering the prospect of big equity issues, including that for the savings bank SDBS...

Roundup THE difficulties at Bond Corp dominated proceedings in Australia and New Zealand, while other markets which had

the auction of a site in Kowloon Bay opposite Hong Kong

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Europe and Pacific provide stars

By William Cochrane

WEAKNESS on Wall Street and in Tokyo took the World Index into decline for the second week running last week. However, there was consolation in Europe, and a strong showing in some of the Asia Pacific markets...

Asia Pacific region, Hong Kong, Singapore and Malaysia all have their currencies linked to the US dollar, which is enhancing share price performance in sterling terms...

MARKETS IN PERSPECTIVE Table with columns: Country, % change in local currency (1 Week, 4 Weeks, 1 Year), % change in sterling (Start of 1989, Start of 1988)

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table of FT-Actuaries World Indices with columns: NATIONAL AND REGIONAL MARKETS, DOLLAR INDEX, and various regional indices (Australia, Europe, etc.)

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Handwritten Arabic text at the bottom of the page.